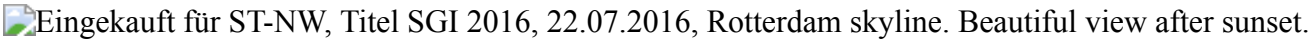
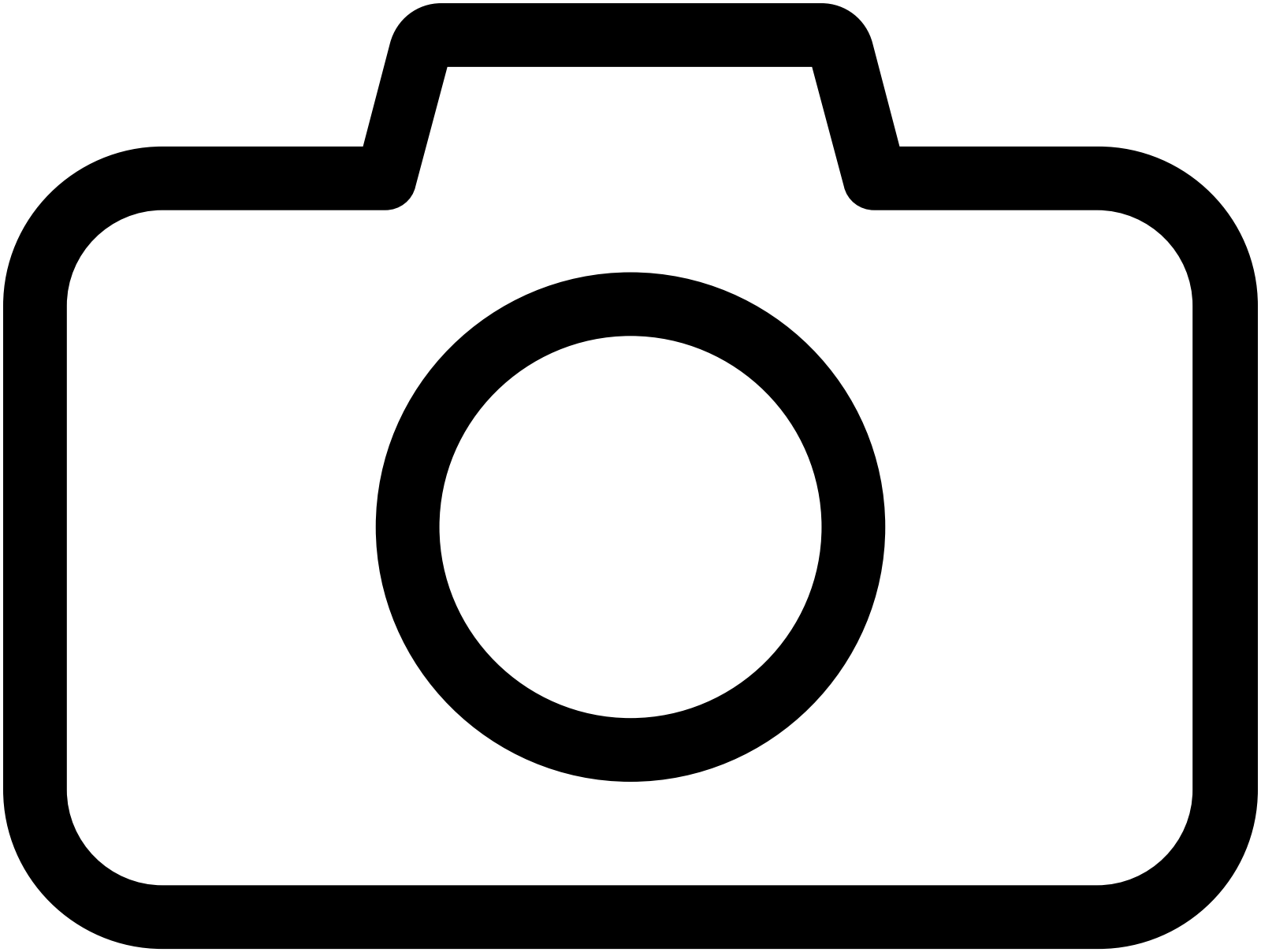

Eingekauft für ST-NW, Titel SGI 2016, 22.07.2016, Rotterdam skyline. Beautiful view after sunset.



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Press Release, 18/08/2016, : Challenges for OECD and EU countries increase, while problem-solving abilities are in decline

Reform capacity of the government, quality of democracy and rule of-law or level of social inclusion – every year the Sustainable Governance Indicators (SGI) examine the future viability of the OECD and EU member states. The Nordic countries are still best equipped for the future, but their top position is wavering. The consequences of the economic and financial crisis are still drastic, especially in the Eurozone. With national populism on the rise in several countries, the refugee challenge poses a real test for the EU.

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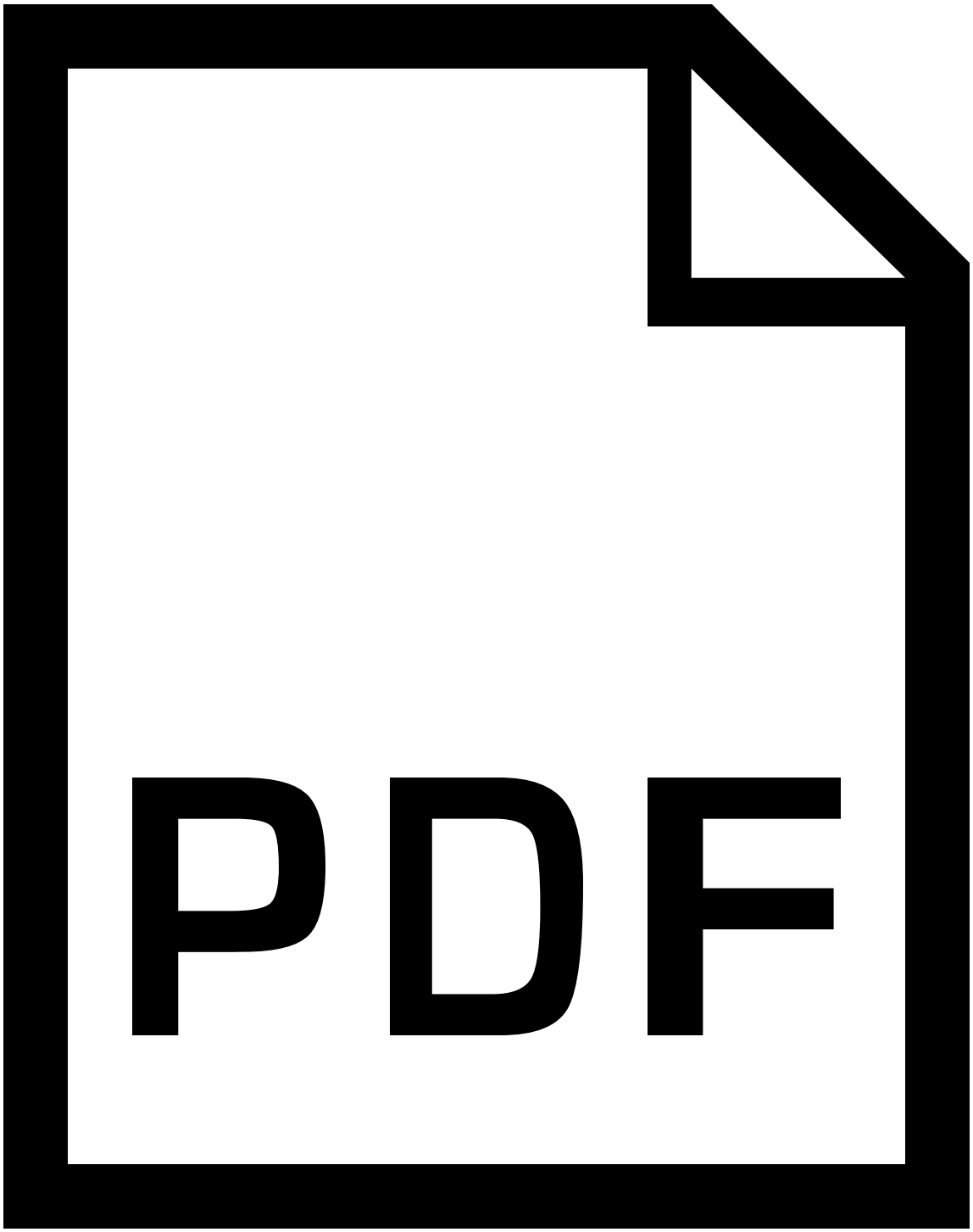

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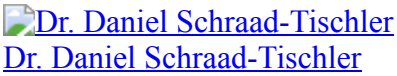

Dr. Daniel Schraad-Tischler

Gütersloh, August 18, 2016. A number of the challenges facing the 41 industrialized nations of the OECD and EU have dramatically intensified over the past two years. Although the Nordic countries still have the best scores in future viability, even their position is beginning to waver in light of the growing social inequality in the region. At the same time, the debt crisis remains unresolved, especially in the southern countries of the Eurozone, and an alarmingly high number of people are at risk of poverty. The divisions in the EU are also hardening given the biggest flow of refugees since World War II, and the European integration project is in danger of failing, with national populism gaining ground in many EU and OECD countries – from Hungary, Poland, and France to the UK, Germany, and the U.S. Finding political solutions to the numerous international challenges is becoming increasingly difficult as a result of the mounting political polarization in many nations. These are the key findings of the Sustainable Governance Indicators (SGI), a comprehensive international comparative study conducted by the German Bertelsmann Stiftung, which applied 136 indicators to assess the government actions and reforms of all countries of the EU and OECD.

Overall, the Scandinavian countries achieved the best results, with Sweden ranking first, followed by Switzerland and Germany. Of the largest national economies, only two G7 nations (Germany and the United Kingdom) are among the top ten. The U.S. moved up one rank, but is still below average (26th place). Greece continues to come in last in the comparison among countries.

The Nordic countries' top position is wavering – inequality rising

Although the Nordic countries are once again at the top of the ranking, their position is beginning to waver. Norway's oil-dependent economy, for instance, is increasingly suffering as a result of tumbling oil prices and the nation faces the long-term challenge of reducing this dependence. Sweden is also dogged by problems. Like Germany, Sweden has reached the limits of its intake capacity following the influx of refugees. In light of pre-existing difficulties on the labor market, especially with regard to job opportunities for young people (Sweden's youth unemployment rate is 22.9 percent), the

country faces tough tasks in the areas of integration and the labor market. A general trend of growing social inequality can be seen in the Nordic countries. Whereas for decades these nations were role models of equality and participation opportunities, income disparity has risen sharply in Denmark and Sweden over the past few years. Finland is also struggling with a weakening labor market. With an unemployment rate of 9.6 percent, the nation now ranks just 30th among the 41 OECD and EU countries (leader: South Korea, 3.7 percent) and has even fallen to 33rd place in youth unemployment, at 22.3 percent (leader: Japan, 6.3 percent).

In terms of social inequality and job opportunities, the crisis-stricken countries of Southern Europe face major problems. Although the situation on the labor market has now eased slightly, social dislocation as a consequence of the economic and financial crisis and years of austerity policies is still having a major impact. Long-term unemployment and child poverty are well into the double-digit percentage range in Southern European countries. In Spain, child poverty has risen yet again, to an alarming 23 percent. By comparison, only 3.6 percent of Finnish children live in households having to manage on less than 50 percent of the median income. One in five children in Greece is also affected by poverty. Youth unemployment in both countries is still at almost 50 percent, despite a slight drop. Thus far, there can be no talk of any actual easing in social plight. At the same time, long-term budget consolidation is barely perceptible in most EU and OECD countries. Greece is now being crushed by its mountain of debt, which stands at 178.4 percent of annual economic output. Italy's debt has increased again, to 132.6 percent of GDP. Debt levels have also risen again in countries such as France (96.8 percent) and Belgium (106.3 percent).

More isolationism – less opportunity for mutual problem-solving

From the financial and economic crisis to climate change, terrorism, and international migration flows, problems are becoming increasingly global. Yet, there are fewer and fewer opportunities for mutual problem solving because (right-wing) populist movements are gaining ground in a number of OECD and EU countries and placing particular national interests ahead of the objective of joint international policy solutions. The examples from the current SGI survey are numerous. For example, the governments of Hungary and Poland are refusing to contribute to a fair distribution of refugees throughout Europe. As the power of important constitutional institutions has weakened, Hungary has now fallen to last place in the SGI Democracy Index. The French right-wing extremist party Front National is enormously popular among voters. In Germany, the new party Alternative für Deutschland (AfD) is exploiting the refugee issue for purposes of a right-wing smear campaign. In the United Kingdom, the EU referendum result in favor of Brexit was successful not least due to UKIP's xenophobic campaign. In light of these developments, the EU faces the greatest test in its history and is miles away from finding mutual solutions. Even outside the EU, the trend toward right-wing populism can clearly be seen. The election of Donald Trump as U.S. president would deal a blow to transnationalism and, with his nomination as the Republican presidential candidate, is now a quite real scenario.

"If the OECD and EU countries wish to improve their future viability, they must focus on strengthened cooperation and coordination as well as policies aiming for long-term solutions rather than national isolationism. The political systems in the Nordic countries and New Zealand are still particularly well-placed in this respect. They are at the top of the SGI Governance Index and could serve as models of good governance and accountability for other countries", says Aart De Geus, Chairman and CEO of the Bertelsmann Stiftung.

About the study

The Sustainable Governance Indicators (SGI) are an international monitoring instrument employed by the Bertelsmann Stiftung to provide information about the future viability of all 41 OECD and EU states. More than 100 international experts took part in the study, which has been published every year since 2009. Using 136 quantitative and qualitative indicators, the SGI provide a comprehensive profile of the strengths and weaknesses of all OECD and EU states. When it comes to measuring sustainable governance, the SGI follow a three-pronged approach:

- The Policy Performance Index measures the need for reform in a country by systematically comparing the policy performance of all 41 states in terms of economic, social and environmental sustainability.
- The Democracy Index measures the quality of the rule-of-law and democratic framework in a country with the help of a grid of detailed criteria.
- The SGI's Governance Index measures a country’s reform capacity by investigating both the executive capacity of the government and the participatory and supervisory competence of citizens, parliaments and other societal actors.

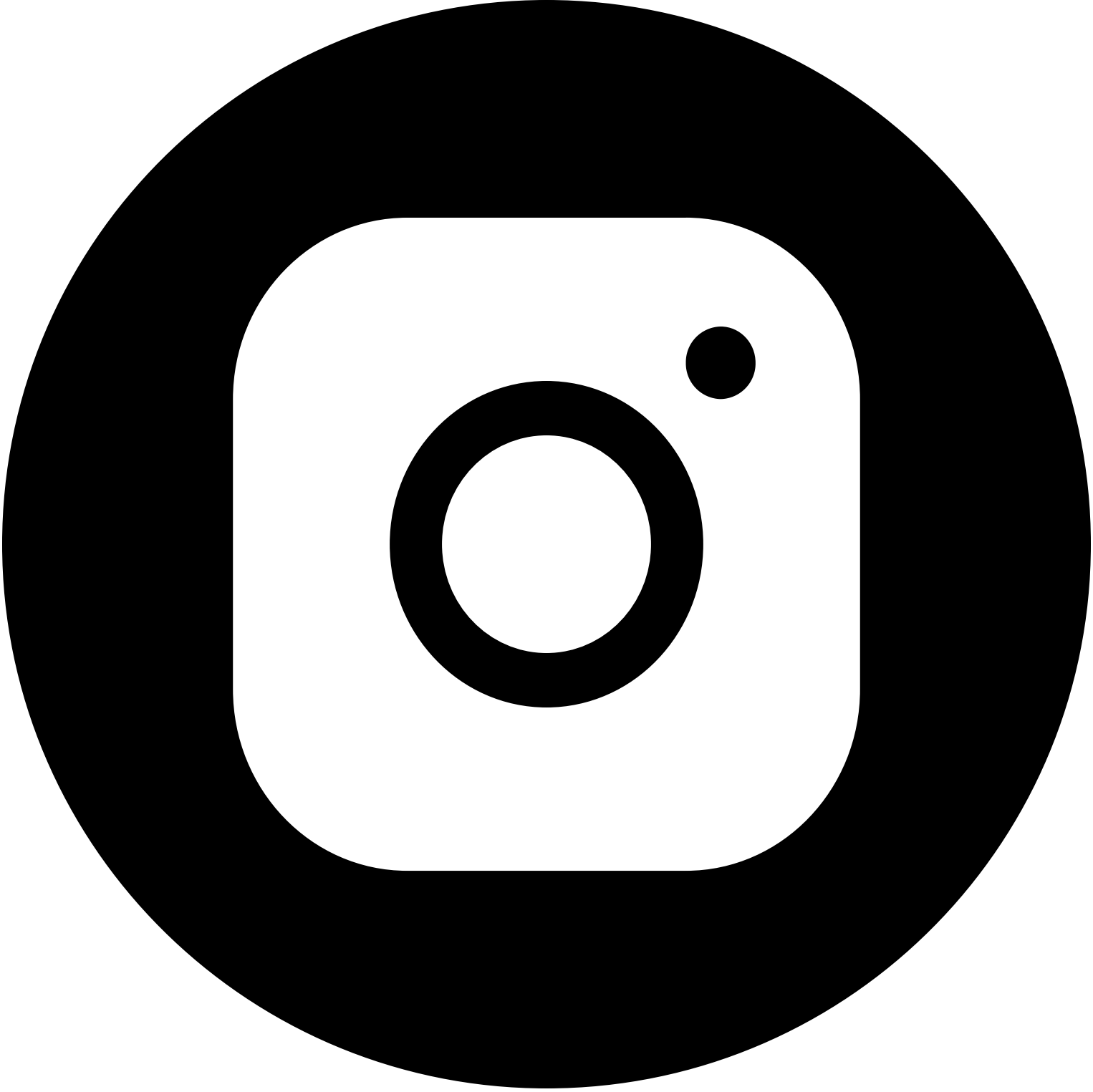
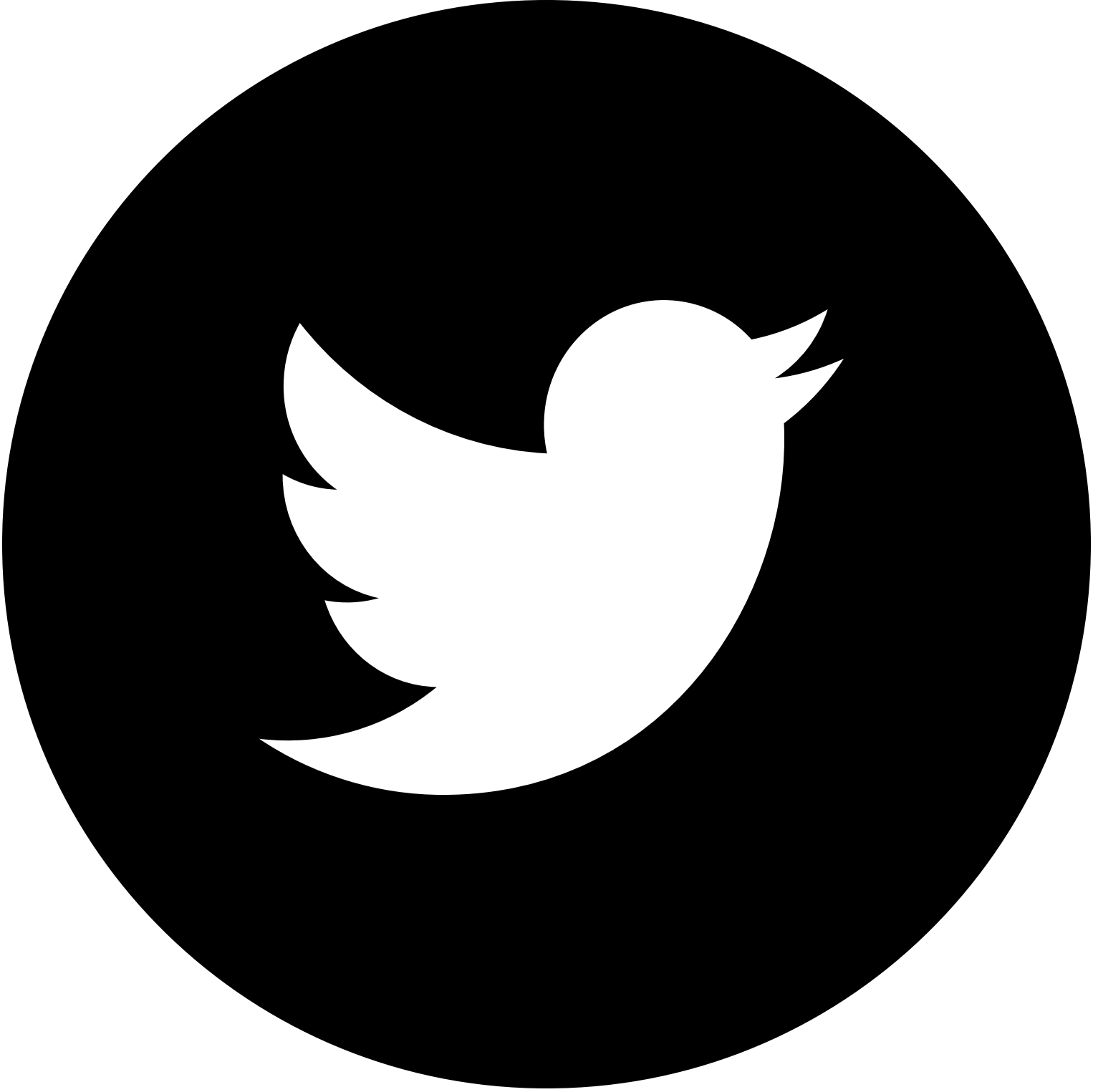
Downloads

- Infographic: Is Germany well-equipped for the future?
- Chart: Policy Performance Index SGI 2016
- Chart: Democracy Index SGI 2016
- Chart: Governance Index SGI 2016

Links

- To the Website Sustainable Governance Indicators
- To the brochure: "Policy Performance and Governance Capacities in the OECD and EU. Sustainable Governance Indicators 2016"

Projects

- Sustainable Governance Indicators (SGI)

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