News Item, 11/04/2013, Gütersloh: The world's industrial nations are on course to increase the severity of the intergenerational conflict

A comparative study of the OECD states documents considerable deficits in intergenerational justice – Germany: about €200,000 of debt per child

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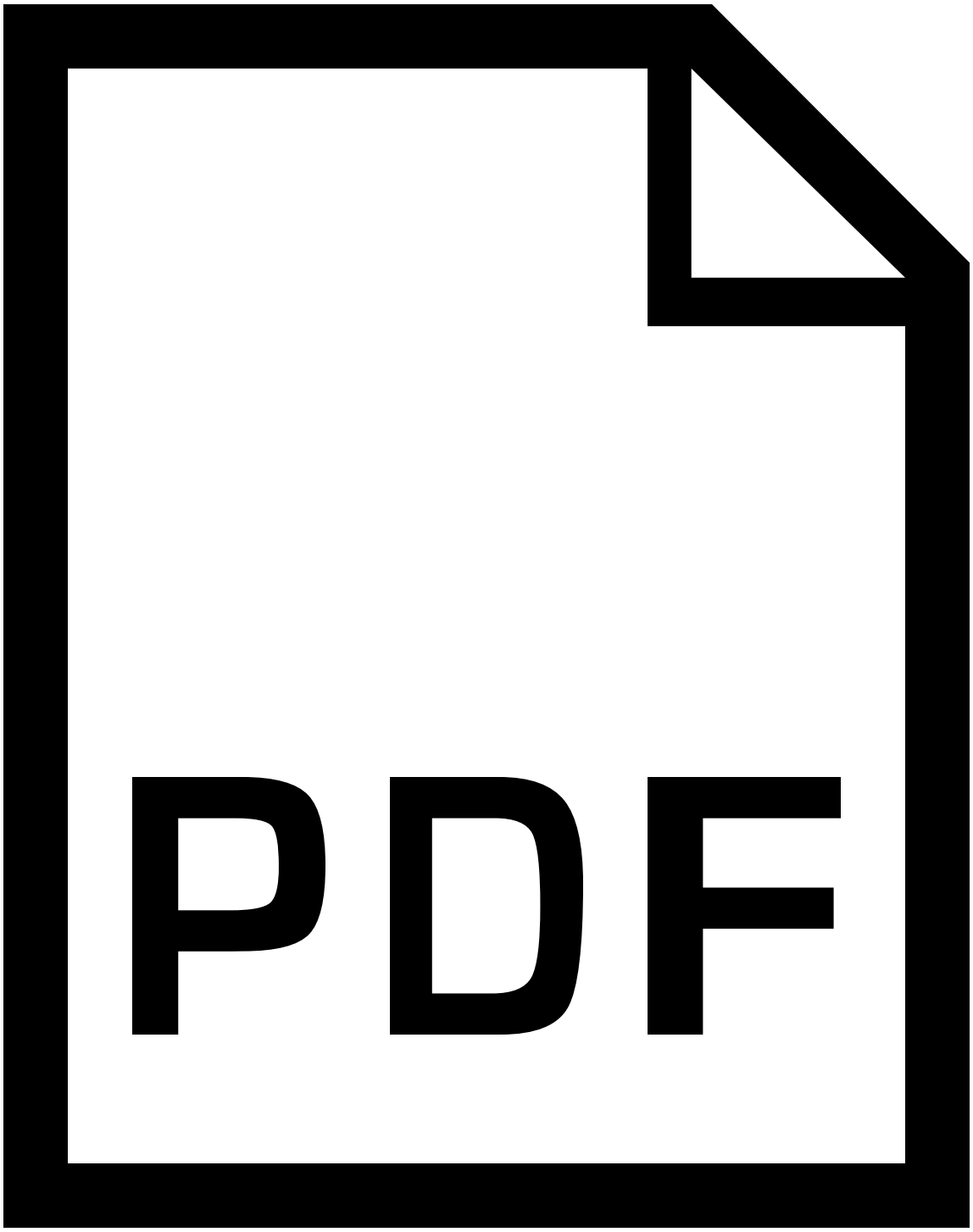

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Dr. Daniel Schraad-Tischler

Most OECD states maintain their wealth and prosperity at the expense of their children and succeeding generations. They are thus endangering not only their own future but are also acting unfairly towards their own descendants. Those are just some of the findings from an international study carried out by the Bertelsmann Stiftung on intergenerational justice in 29 OECD member states.

The unbalanced utilization of opportunities in life has social, ecological and economic dimensions. Germany, as well, only reaches average values in this comparison. While Estonia has a state debt of no more than €4,600 per child younger than 15, every German child would already have to assume about €192,000 of public obligations today (based on figures for 2011). By comparison, this is only a little less than in highly-indebted Greece (about €215,000 of state debt per child) or Italy (€222,000 per child). Japan with its heavy debt and few children comes in last in this analysis (€571,000 per child). State debt per child is an important indicator for the future burden that will be imposed on working generations. There is even a risk that the burden will increase due to increasing debt and higher interest while the working-age population is declining.

All OECD societies are also "consuming" more natural and ecological resources than the planet's capacity will provide in the medium term. They are thus additionally burdening the following generations in their own and other countries. Strictly speaking, fair intergenerational action on a global scale would require the ecological footprint per person to remain below 1.8 ha. The ecological footprint represents the negative ecological consequences caused by the consumption and production conduct of current generations. In fact, Germany currently consumes about 4.6 ha per person, and is therefore behind countries like Poland, Israel or Hungary, which "only" consume between 3.6 and 4 hectare per capita. However, even this

still exceeds the natural capacity of our planet by far. Belgium and the United States, at 7.2 ha per capita, and Denmark, at as much as 8.3 ha per person, come in last in this comparison of the Western Industrial states.

Another indicator for a deficit in intergenerational justice and lack of sustainability is the ratio of child poverty, which is usually reflected by lower education, work and income opportunities. High child poverty as compared to relatively low poverty among the elderly stands out particularly. At values between 3.7 and 7 percent, the Northern European states have the lowest child poverty rates. Portugal, Spain and Italy in Southern Europe, however, are located at the far end of the scale, where the US is also found, with their child poverty rates in excess of 21 percent. Germany is among the more successful players here, with a rate of 8.3 percent. The widest discrepancy between child poverty and poverty in old age is found in the Netherlands: While child poverty is at about 9.6 percent there, only 1.7 percent of the elderly are affected by poverty.

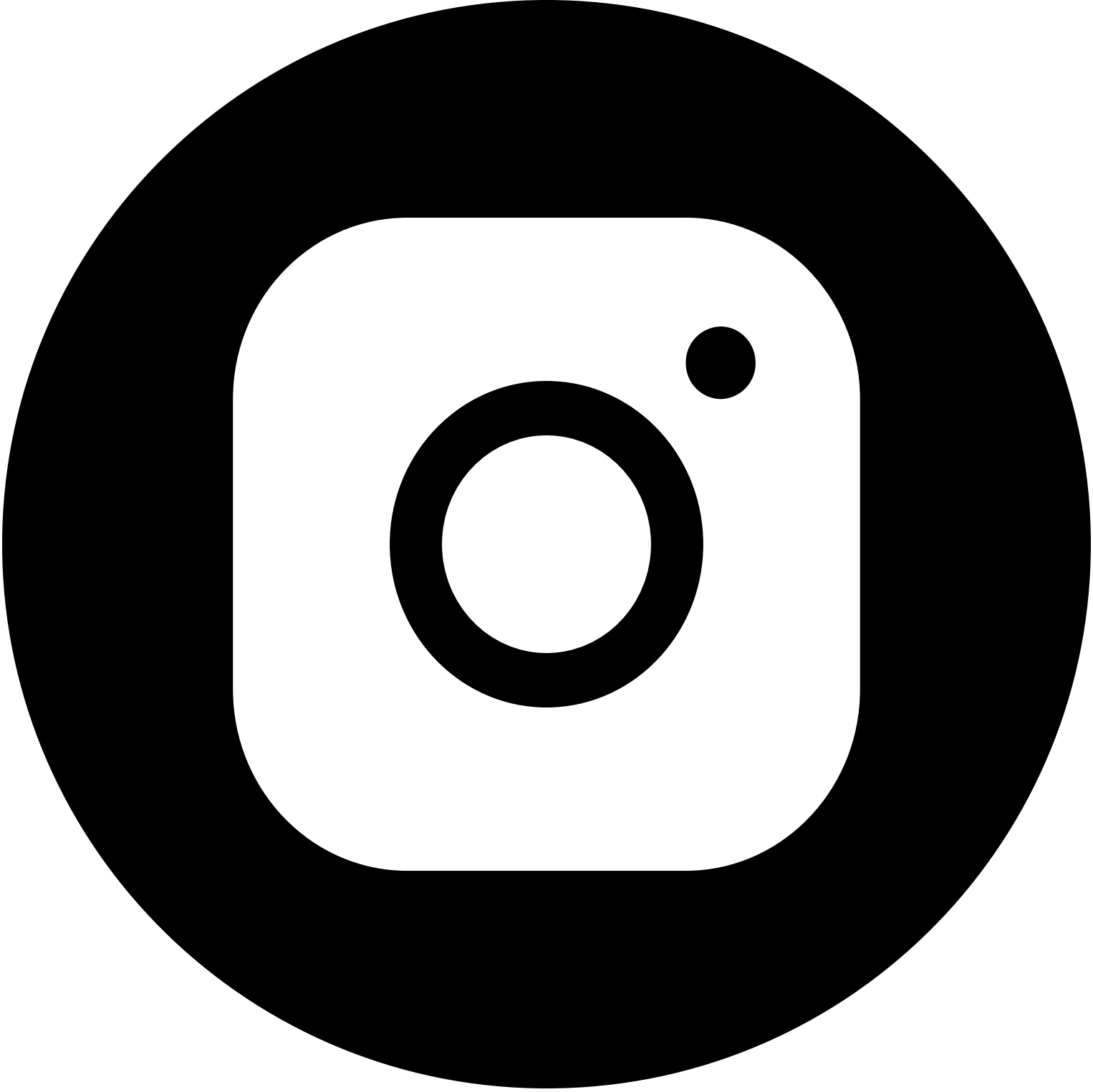
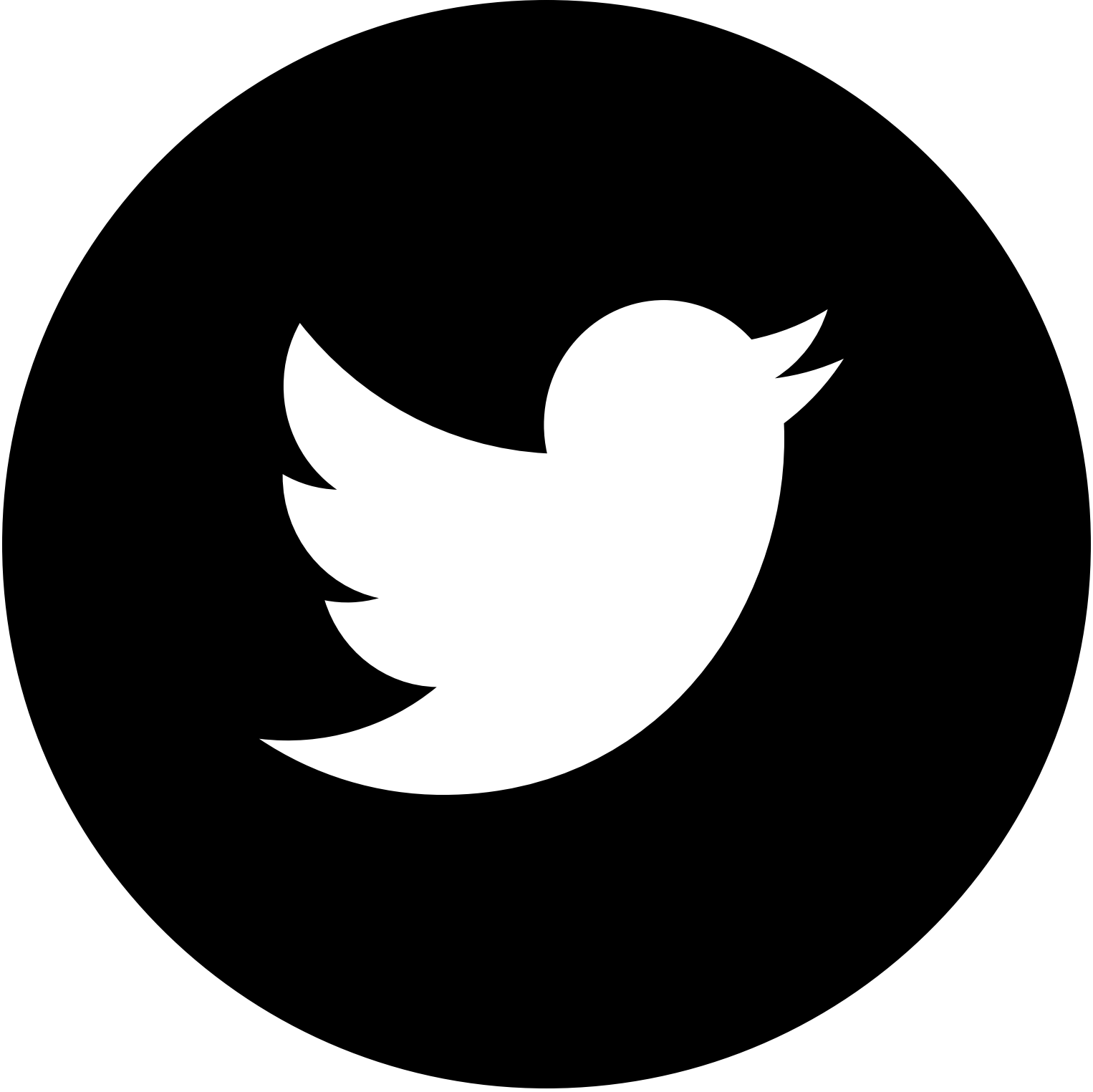
The Bertelsmann Stiftung believes the disproportion and the lack of sustainability to indicate a great need for political action in all OECD states. The foundation considers targeted investment into the abilities of young people and taxes on undesired developments to be an essential approach to improving intergenerational justice in the social, economical and ecological dimensions of sustainability. For example, environmental taxes should be increasingly used to maintain the welfare state in times of demographic change. Income from environment-related taxes could also be invested in early childhood education or measures for improving work-life balance.

"The Bertelsmann Stiftung translated the discussion that has been present for a long time into figures: Future generations in many OECD states are facing a future characterized by debt, poverty and ecological crises," explained Aart De Geus, chairman and CEO of the Bertelsmann Stiftung, during initial presentation of the study. "This is a clear signal to policymakers: Intergenerational justice and sustainability are some of the most important items on the agenda for the 21st century."

The study on Intergenerational Justice was authored by Dr. Pieter Vanhuysse (European Centre for Social Welfare Policy and Research, Vienna).

Downloads

- Intergenerational Justice in Aging Societies (1.2 MB)
- Chart: State debt per child (887 KB)

Links

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