

PRESS RELEASE

Despite upswing: Bleak outlook for young generations in OECD countries

Many developed countries have literally worked their way out of crisis in recent years. The result: Data on employment have reached levels above those of the peak of the financial crisis in nearly all EU and OECD countries. Nevertheless, the share of people at risk of poverty has shown little decline. Stagnation is also evident with regard to intergenerational justice, a fact that could prove costly for young and coming generations. The US holds 36th place in the overall cross-national comparison

Gütersloh, December 5, 2019. Around the world, labor markets have recovered significantly in comparison with the post-2008 crisis years. About 10 years after the outbreak of the global financial crisis, the average unemployment rate across the 41 EU and OECD countries, at 5.3%, has for the first time fallen slightly below its pre-crisis level of 2008 (5.7%). However, the labor-market rally has as yet had no decisive impact on poverty prevention. In 25 of the 41 countries examined, at-risk-of-poverty rates have stagnated or even increased. Children are often more exposed to the risk of poverty than are older people. In general, too little is being done to promote justice between the generations, despite looming challenges such as global warming and demographic change. These are the results of the Bertelsmann Stiftung's current Social Justice Index, which annually examines opportunities for social participation within the 41 EU and OECD countries on the basis of comprehensive data evaluations in areas such as the labor market, poverty prevention and education.

"The upswing in the labor market could become a boomerang for politics and the economy if it is not accompanied by falling at-risk-of-poverty rates," said Bertelsmann Stiftung Executive Board Chairman Aart De Geus, addressing the results. "With regard to intergenerational justice too, the EU and OECD countries must work overtime to improve long-term social-participation opportunities for all."

Poor despite work? Upswing passing many people by

With the list led this year by Iceland and Norway, Nordic countries once again hold the top positions with regard to social justice. It is here that opportunities for social participation for all people are strongest. At 10th place, Germany remains in the global top ten. The United States, by contrast, falls clearly into the ranks of the poorest performers, at 36th place.

Within these overall results, the incongruity between the labor-market and poverty data is striking. In nearly all countries, significantly more people were employed in 2018 than at the high point of the economic crisis in 2013. Unemployment rates also declined during this period in nearly all countries. The top performer here is Czechia, with an unemployment rate of just 2.3%. In Greece, by contrast, nearly one out of every five people remains unemployed (19.5%) despite positive developments. Yet despite the overall encouraging trends in the labor market, at-risk-of-poverty rates in many countries have remained persistent, or have even increased. For example, the employment rate in Spain rose from around 55% in 2013 to 62% in 2018. Over the same period, the at-risk-of-poverty rate increased by five percentage points, to 14.6%. This finding shows that not all social groups benefit equally from the upward trend in the labor market. The share of people at risk of poverty is highest in Israel (17.9%) and the United States (17.8%).

In many countries, children are more likely to be at risk of poverty than are senior citizens

The authors express serious concern about the gap between young and old. Children and youth up to 18 years of age suffer from higher at-risk-of-poverty rates than do people above 65 in 27 of the 41 EU and OECD countries. In some cases, this difference is quite significant. Interestingly, this finding also applies to countries with generally strong social-security systems. In Sweden, for example, the at-risk-of-poverty rate among children and youth, at 12.3%, is more than twice as high as that among senior citizens (4.8%). In Norway, children and youth show at-risk-of-poverty rates (7.2%) more than six times higher than those among people of retirement age (1.2%). However, the authors also note that old-age poverty remains a widespread problem in many EU and OECD countries. In this regard, governments face the challenge of providing social security for older people while at the same time making their national pension systems sustainable. Here too, many countries are lagging significantly, and risk passing on major financial burdens to younger and future generations. The authors are also critical of climate and environmental policies that they say are too tentative, for example in the case of renewable energy sources. “Only three of the 41 EU and OECD countries are meeting more than 50% of their energy needs through renewable energy sources,” said Thorsten Hellman, one of the study’s coauthors from the Bertelsmann Stiftung. “The developed countries in particular should do a better job in serving as role models here.”

Additional information

The Bertelsmann Stiftung’s Social Justice Index investigates social-participation opportunities in the 41 EU and OECD countries on the basis of 46 quantitative and qualitative criteria. The index examines six dimensions of social justice: poverty, education, the labor market, intergenerational justice, health, and social inclusion and nondiscrimination. The Social Justice Index 2019 is based on internationally available data published before 28 October 2019.

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The complete report, along with its associated graphics, can be found at www.bertelsmann-stiftung.de and www.sqi-network.org.

About the Bertelsmann Stiftung: Inspiring people. Shaping the future.

The Bertelsmann Stiftung is committed to enabling social participation for everyone – politically, economically and culturally. The issues we address are education, democracy, Europe, health, values and the economy. In doing so, we focus on people, since only they can change the world and make it better. We share knowledge, promote expertise and develop solutions. A nonprofit foundation, the Bertelsmann Stiftung was established in 1977 by Reinhard Mohn. For more information, please visit: www.bertelsmann-stiftung.de/en/