Study reveals growing social inequality in OECD countries

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A study presented Monday by the Bertelsmann Foundation entitled "Social Justice in the OECD—Where is Germany?" shows that social inequality is increasing in many OECD countries and that the social divide is growing particularly rapidly in Germany. Increasing numbers of people in Germany—the richest country in Europe—are plagued by poverty and unemployment.

From a total of 31 developed countries in the OECD (Organisation for Economic Cooperation and Development), Germany landed in the middle of the table—behind countries such as Great Britain and the Czech Republic. The researchers began their study by saying: "In terms of social equality, Germany still has some catching up to do."

Recent calculations reveal significantly higher levels of poverty in Germany in 2008 than existed 10 years previously. Official statistics state that 9.3 percent of all people are regarded as poor, and 14 percent as relatively poor—i.e., about 11.5 million people in all.

Poverty is concentrated in the east and north of Germany. Twenty years after the reunification of Germany, almost a fifth of the population in the eastern provinces is affected by poverty.

According to the Bertelsmann Foundation report, the polarisation of incomes in Germany over the past 20 years occurred at a faster pace than in almost all other OECD member countries. Since 2000, researchers have documented not just a relative, but also an absolute polarisation of income groups. This means that real income fell for the poor and increased for the rich over the period.

While the researchers claim that the causes of poverty are "complex," they cannot fail to note that social inequality and poverty are the result of deliberate policy in the fields of education, the labour market and integration.

The researchers write: "It is evident, for example, that the risk of poverty increases with the growth in atypical forms of employment, the scope of which has greatly increased in recent years." The term "atypical forms of employment" refers to mini-jobs, part-time work, temporary work and agency work. There are now nearly 8 million men and women in Germany surviving on such insecure, low-paid types of employment, introduced by the former Social Democratic Party-Green Party government led by Gerhard Schröder.

The authors come to the conclusion that "elementary conditions of social justice are lacking in many areas…. Under conditions of poverty, social participation and independent living are barely possible."

The study declares that the extent of child poverty is "worrying." While in Denmark, just 1 in 37 children (2.7 percent) lives below the poverty line, this figure rises to 1 in 9 in Germany (10.8 percent). Even more affected are young adults between the ages of 18 and 25. Almost 1 in 6 (16 percent) of this group is regarded as poor.

The polarisation of society is reflected in the labour market. While the official unemployment rate in Germany is now back below the level of 2008—i.e., prior to the global economic crisis—only certain groups, largely native German and high-skilled workers, have benefited.

Immigrant workers, the low-skilled and long-term unemployed have largely failed to benefit from the government's much-vaunted "jobs miracle." Every second unemployed person in Germany has been unemployed for over a year—i.e., is long-term unemployed. With the exception of Slovakia, this is unique in the OECD. Once long-term unemployed, forever long-term unemployed—that is the reality of the

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"jobs miracle" in Germany.

Immigrants—one fifth of the population Germany—are twice as likely to be affected by unemployment as native Germans. Low-skilled workers are much less likely to have regular employment than in most other OECD countries.

The situation in Belgium is similar to that of Germany. Almost half of the unemployed have been without employment for more than a year. This trend especially affects the elderly.

The worst result for labour market policy in the OECD was registered by Turkey, with most northern European countries receiving the best rankings. Sweden, however, has a relatively high level of youth unemployment—three times higher than the overall rate.

The researchers also noted the "limited chances" for immigrants in the Finnish, Norwegian and Danish labour markets. In Sweden, students of second-generation immigrants have fewer opportunities than native Swedish children to access higher education.

Nevertheless, the educational systems of the northern European countries post the best results, with the study indicating that little has changed for the better in the German education system, despite the introduction of the international PISA comparative study. The likelihood that children from poor families achieve educational success "is lower in Germany than in many other OECD countries," the report states. It continues: "Education is heavily dependent on the origin and social and economic background of a child. In only five OECD countries (Austria, France, New Zealand, Belgium and Hungary) is the relationship between the social environment of pupils and their school performance more pronounced than in Germany."

The researchers based their study on official figures from the OECD, the Statistical Office of the European Union (Eurostat) and the Luxembourg Income Study (LIS), which suggests that their report tends to gloss over the real extent of social problems. For Germany, for example, the OECD had originally calculated a child poverty rate of 16.3 percent. As this figure differed greatly from the calculations of Eurostat and the LIS, the authors recalculated their statistics based on the lower figure given by the German Institute for Economic Research (DIW). As a result, the level of poverty amongst children has now been reduced to 10.8 percent.

Despite such discrepancies, the study demonstrates that social inequality is assuming explosive proportions in many OECD countries. Southern European countries such as Italy, Portugal and Spain rate even more poorly in the rankings than Germany. The report also criticises the situation in the US and Ireland "due to particularly worrying levels of poverty."

In Germany, the widening social gulf is revealed above all in the growth of child poverty, the social selection of the education system, and the disadvantages faced by the long-term unemployed, low-skilled and immigrant workers in the labour market. The current austerity programme of the federal government headed by Angela Merkel (Christian Democratic Union), involving billions in public spending cuts—especially targeting the long-term unemployed—will only sharpen the social divisions.

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