



Key Findings

Social Justice in the EU – Index Report 2017

Social Inclusion Monitor Europe

Daniel Schraad-Tischler, Christof Schiller,
Sascha Matthias Heller, Nina Siemer

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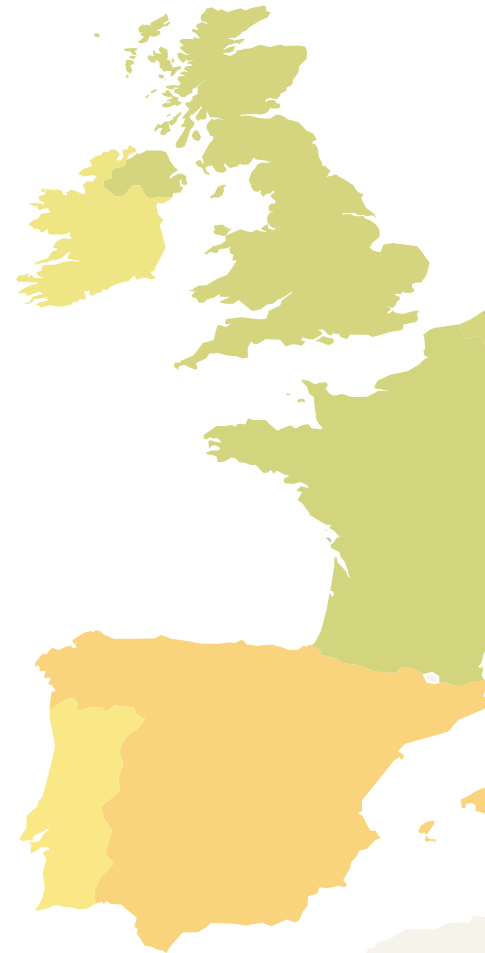
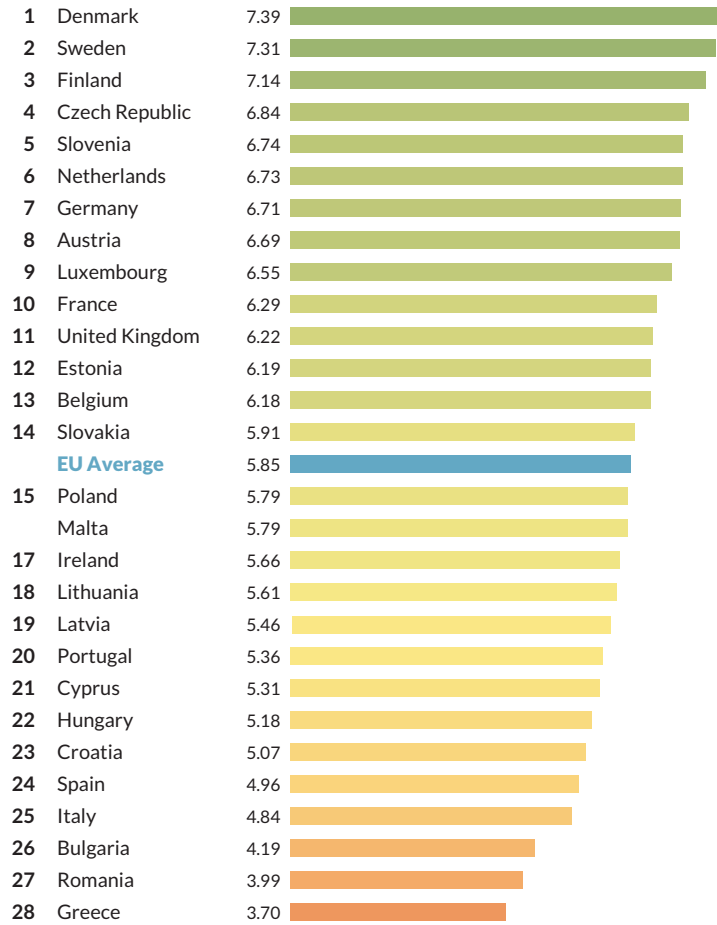
Social Inclusion Monitor Europe

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I. Key findings, in brief	6
II. The Social Justice Index – measuring participation opportunities in international comparison	16
Publishing information	17

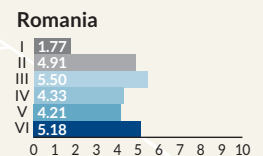
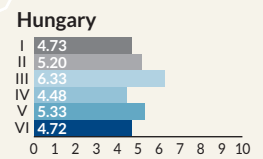
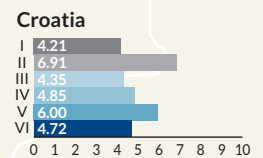
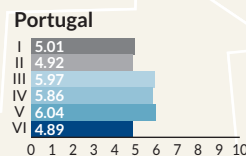
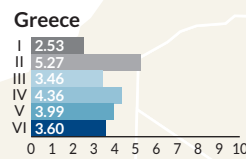
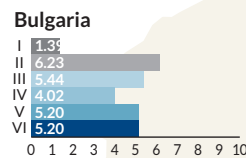
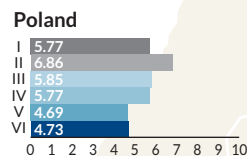
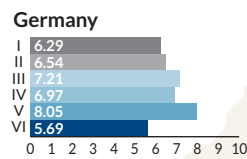
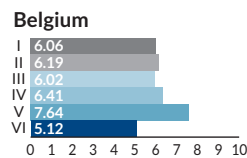
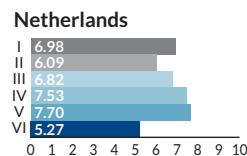
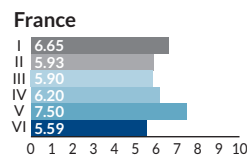
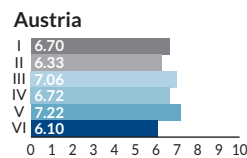
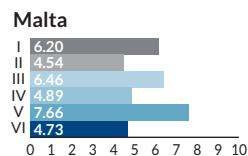
Find the complete report, along with graphics,
at www.bertelsmann-stiftung.de and www.sgi-network.org

EU Social Justice Index 2017

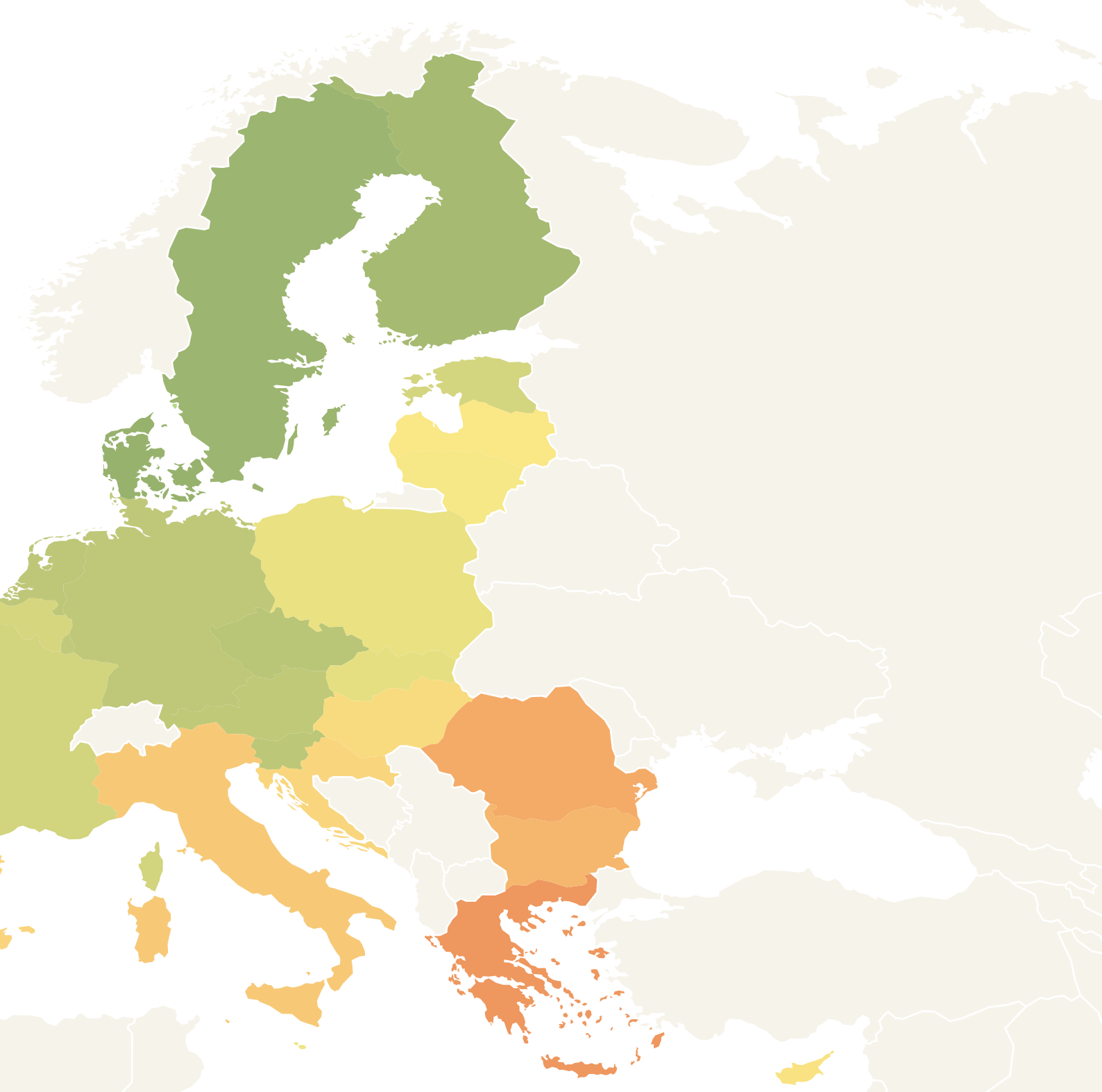


Social Justice Index

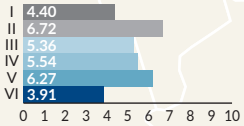
- I Poverty prevention
- II Equitable education
- III Labor market access
- IV Social cohesion and non-discrimination
- V Health
- VI Intergenerational justice



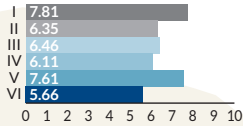
Annotation: Scores on a scale from 1 to 10. Higher Scores = better performance. For further information see "Methodology" (chapter 3). Source: Own calculations.



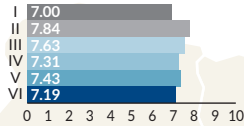
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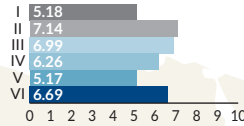
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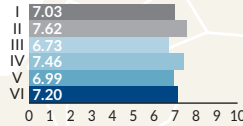
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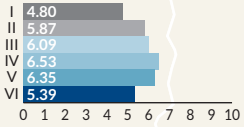
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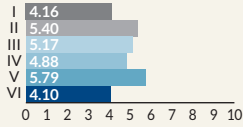
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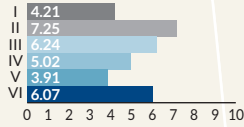
Ireland



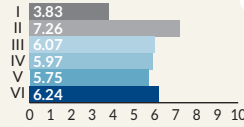
Italy



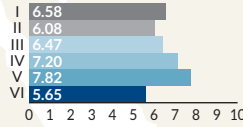
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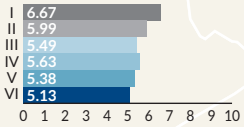
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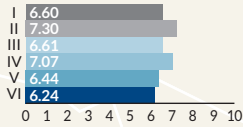
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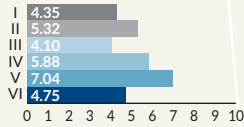
Slovakia



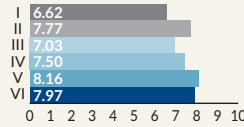
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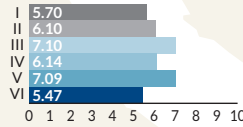
Spain



Sweden



United Kingdom



I. Key findings, in brief

1. Europe is recovering not only economically, but also in the domain of social justice

After years of downward movement, an upward trend in the domain of social justice is evident in the broad majority of EU member states. Although far from all member states have regained their pre-crisis levels, the most recent EU Social Justice Index data give cause for hope that the worst is over not just in economic terms, but also from a social perspective. At the top of this year's Social Justice Index are the northern European states of Denmark, Sweden and Finland. Rounding out the top group are the Czech Republic, Slovenia, the Netherlands, Austria and Germany, while Greece, despite again posting slight gains this year, remains clearly in last place.¹

Labor market recovery as a driver of social improvements

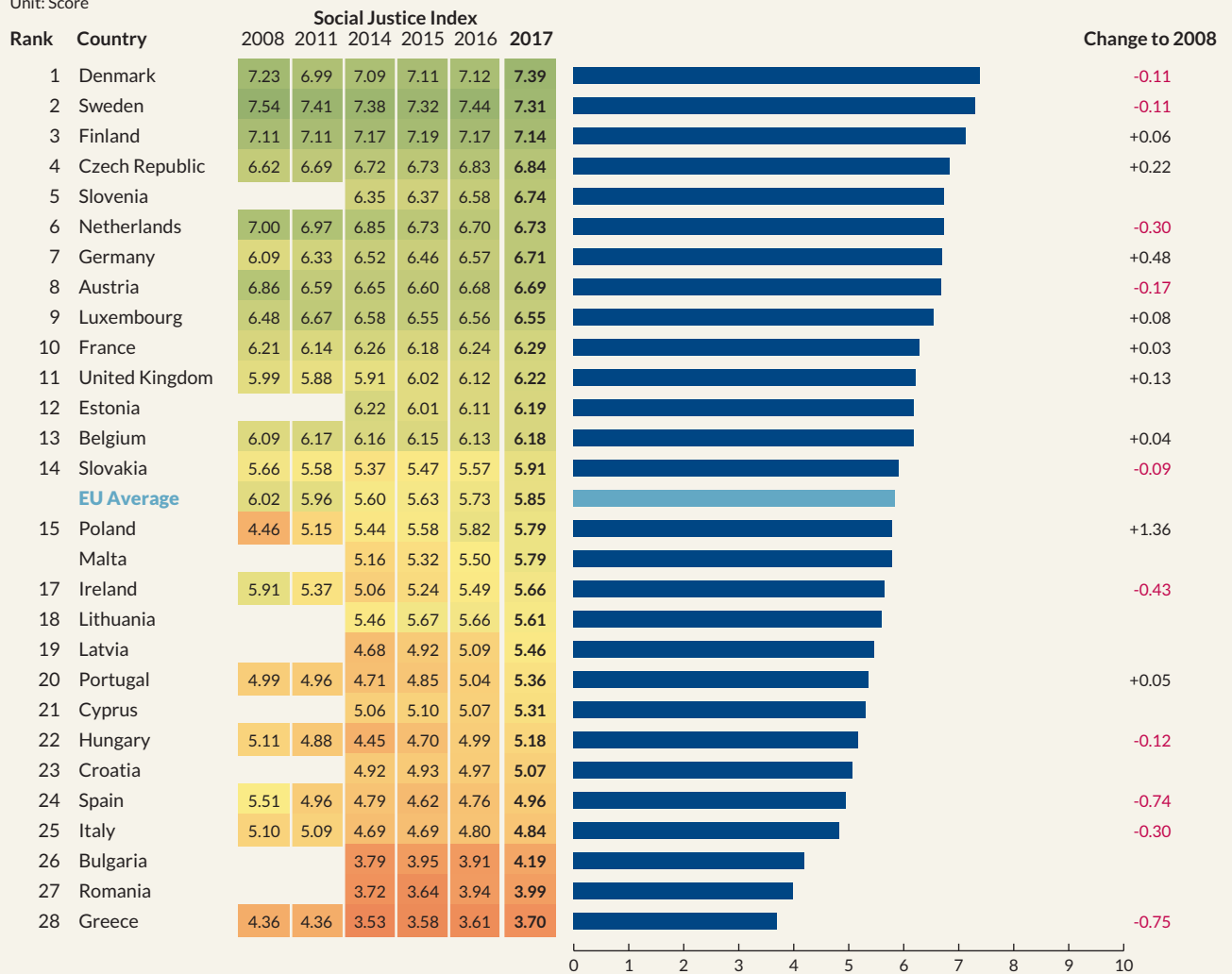
Recovery in the labor market has been the primary driver of improved participation opportunities in the EU. Job opportunities have improved in 26 of the 28 states as compared to the previous year. Recent data show the unemployment rate as a cross-EU average to have fallen to 8.7%. In 2013, at the height of the social crisis, this was 11% on a cross-EU basis (2008: 7%). An upward trend is also evident for the employment rate, which has risen from 64.1% (2013) to 66.6% (2016). An additional positive sign is that the recovery in the labor market has visibly reached the countries hit hardest by the crisis, even if the overall volume of joblessness remains very high particularly in southern Europe. In Greece, for example, the unemployment rate has fallen from 27.7% (2013) to 23.7% (2016), while in Spain a decline from 26.2% to 19.7% has been evident in the same time period. Among the countries that suffered from the euro crisis, Ireland and Portugal have shown the strongest recoveries. Alongside improved economic trends, these countries' recent labor market reforms have also begun to bear fruit. Even if both countries remain below their pre-crisis levels, developments have been positive. For example, in Ireland, the unemployment rate of 13.3% in 2013 has since fallen to 8.1%. A similar trend is evident in Portugal, where the unemployment rate has declined significantly from 17% to 11.5% in the same time period.

¹ For information on the index's construction, see the full report at www.sgi-network.org, as well as the overview of the dimensions and indicators utilized at the end of this summary (after p. 16).

Youth-unemployment rates in southern Europe have also dropped back somewhat from the absolute record levels seen in past years. In Greece, for example, this rate has fallen from nearly 60% in 2013 to its current level of 47.3%. A similar picture appears in Spain, with a decline from 55.5% to 44.4%. In Italy, the youth-unemployment rate is now 37.8% – a decline of nearly five percentage points from its peak of 42.7% in 2014. However, youth-unemployment rates in all three crisis-struck countries remain around twice as high as before the crisis. Overall, the youth-unemployment rate EU-wide has fallen from 23.6% in 2013 to a current rate of 18.7%. As a trend, this is a welcome development. However, it cannot be regarded as a full recovery, as the youth-unemployment rate as an overall cross-EU average is still above the pre-crisis level (2008 EU average: 15.6%). Particularly in the southern European countries, the share of young people being left behind by the labor market remains far too great.

FIGURE 1 EU Social Justice Index (weighted)

Unit: Score



Source: Own calculations.

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The poverty risk is falling slightly – yet the gap between northern and southern Europe remains large

As a result of this overall positive employment trend, the risk of poverty and social exclusion has also fallen slightly across the European Union. While a total of 24.7% of the EU population faced this threat at the height of the social crisis in 2012/2013, this is now “only” 23.4%, according to the most recent data. However, the social gap between northern and southern Europe remains very large, as many of the crisis-struck states continue to tread water or show only very minimal forward progress with regard to poverty prevention. For example, the share of people at risk of poverty or social exclusion in Greece still sits at a shockingly high 35.6%, followed by 27.9% in Spain and 28.7% in Italy. As a comparison, in Denmark, Finland and the Czech Republic – the three best-scoring countries in the area of poverty prevention – the corresponding shares are only between 16.7% and 13.3%.

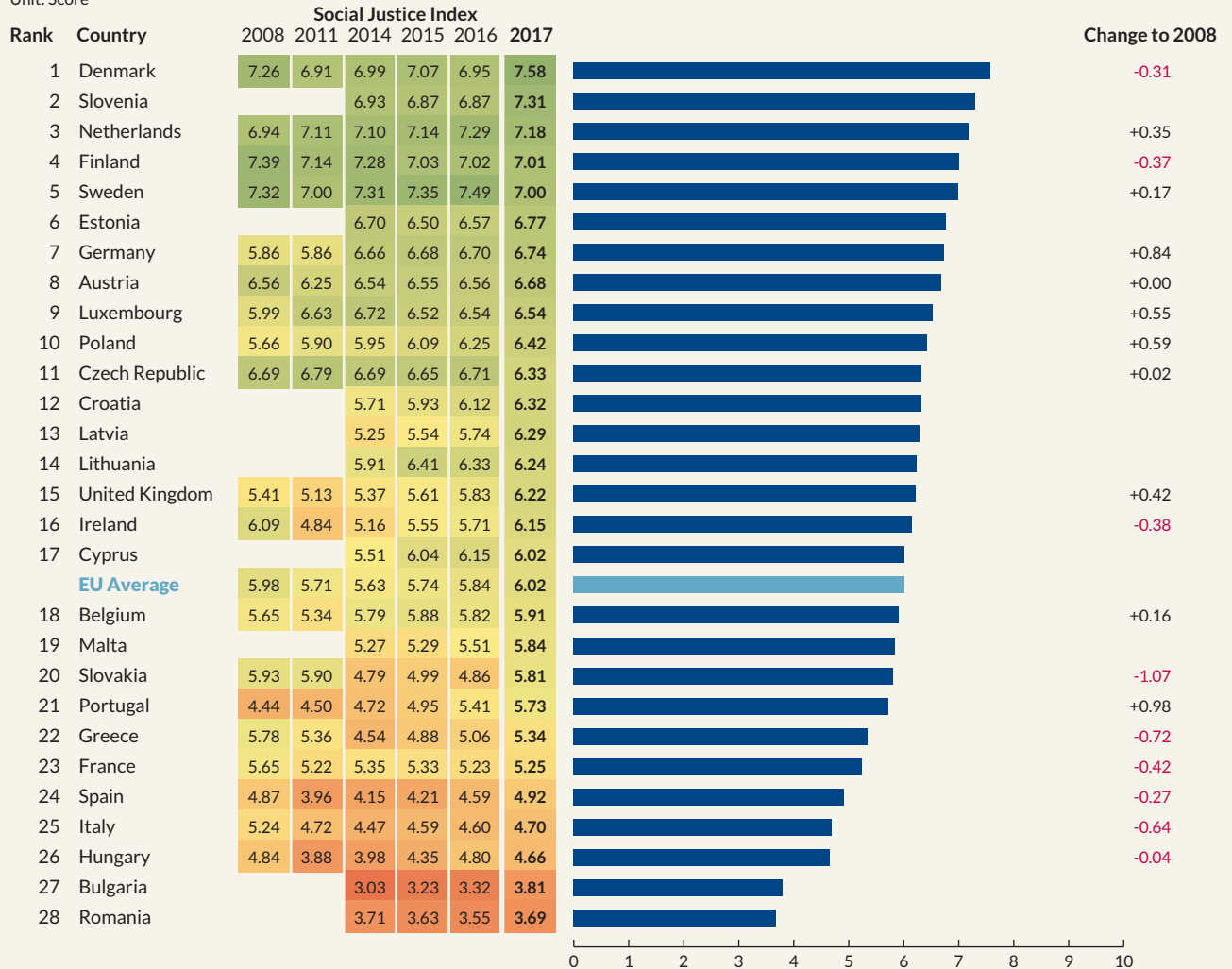
For certain societal groups such as children and youth, the risk of poverty and social exclusion remains significantly higher; indeed, 26.5% of children and youth EU-wide are at risk of poverty and social exclusion. In countries such as Greece and Spain, this rate remains very high, with the countries showing respective ratios of 37.5% and 32.9%. It is particularly alarming that in Greece, the share of children suffering from severe material deprivation has even risen again, to a current level of 26.7%. This share has thus almost tripled since 2007 (9.7%). Material deprivation means that the people affected are undergoing conditions of severe hardship, and can no longer afford fundamental necessities of daily life (for example, an adequately heated apartment or a telephone). In the other crisis-struck southern European countries, by contrast, the rate of severe material deprivation among children has again fallen slightly. Thus, these countries follow the overall trend for this important indicator: EU-wide, the rate of material deprivation among children and youth has now fallen from its peak in 2012 (11.8%) to a current rate of 8.6%.

There remains a very large gap between young and old, with the share of children and youth suffering under so-called severe material deprivation being significantly higher as a cross-EU average than the corresponding share among the older population. The difference is a full three percentage points (8.6% as compared to 5.4%). However, in comparison to the previous year, the gap between the generations has become somewhat smaller, after increasing significantly in the course of the crisis. This latter effect was due to the fact that in most countries, pensions and old-age provisions for older people did not fall as significantly as the incomes of the younger population. Now, since younger people are clearly benefiting slightly from the better labor market and economic situation, the distance between old and young is shrinking somewhat.

The fact that the situation for younger people has again improved somewhat can be deduced from the so-called NEET rate as well as from the falling youth-unemployment trends. This indicator (NEET stands for “not in education, employment or training”) offers a particularly clear reflection of problems in the transition between the education system and the labor market. Young people who are completely outside the labor market and the education system find themselves in a very precarious situation, which radically limits future opportunities for those

FIGURE 2 Child and youth opportunity index

Unit: Score



Source: Own calculations.

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affected. At a cross-EU average rate of 16.7%, the share of young people between 20 and 24 years of age who are not in school, employment or training is certainly still above the pre-crisis level (2008: 15%), but the overall trend is positive. Even in the crisis-struck southern European states, the share of young people in this situation has declined – from about 31.3% in 2013 to 23% in Greece today, from 26.3% to 21.2% in Spain, from 27.2% to 19.6% in Croatia, and from 20.6% to 17.2% in Portugal, all during the same time period. Only Italy shows a rather small decline – here, the NEET rate remains at a startlingly high level of 29.1%. Thus, Italy retains a clear last place within this indicator. In contrast to the southern European countries, the lowest NEET rates can be found in the Netherlands (6.9%), Malta (8.1%) and Denmark (8.5%).

The summary of key indicators addressing opportunities for children and young people, which collectively constitute our sub-index on this topic, clearly reflects

the division of countries in the Social Justice Index more generally.² Here, Denmark, Slovenia, the Netherlands, Finland and Sweden perform best. At the other end of the spectrum are the southern and southeastern European countries of Spain, Italy, Hungary, Bulgaria and Romania. However, it can be expected that with the continuation of the labor market recovery, the gap between northern and southern Europe will once again shrink, as will differences regarding participation opportunities both for the overall population and for children and youth specifically.

Improvements in education indicators too, but stagnation with regard to intergenerational justice

In the majority of member states, a certain improvement with respect to educational opportunity is evident as compared to previous years' surveys. For example, the share of young people leaving school before graduating has declined EU-wide in comparison to previous years – from 14.7% in 2008 to 10.7% today. However, countries continue to show significant discrepancies regarding this indicator; for example, while Lithuania and Slovenia have a rate of under 5%, the most recent corresponding values for Malta and Spain remain at nearly 20%. However, the long-term trend remains positive.

The country distribution is also quite heterogeneous with regard to the indicator measuring influence of socioeconomic background on educational outcomes. Here, alongside the Nordic countries of Finland and Denmark, the Baltic countries of Estonia and Latvia are also well positioned, as their educational systems accord children even from socially weak families opportunities equal to those of children from socially better-placed families. Remarkably, however, Cyprus, Spain and Italy also perform well in this regard. However, education quality as measured by students' PISA results is higher particularly in Finland and Estonia. It is precisely these two countries that demonstrate that justice and quality in the educational system can go hand in hand. By contrast, Bulgaria, the Czech Republic, Hungary and France show the largest shortcomings with regard to the relationship between social background and educational outcomes.

Finally, it must be emphasized that a number of worrisome developments are evident in countries with populist governments. In Hungary, which has seen a series of controversial educational reforms in recent years, the relationship between social background and educational outcomes has grown significantly stronger over the past years. In Poland too, the new right-conservative government has reversed important reforms implemented by its predecessors, which had in previous years contributed to a significant improvement in educational opportunities and educational quality.

The EU is stagnating in the domain of intergenerational justice, both as an overall average as well as in individual countries. This is a worrisome sign with regard to the European Union's future sustainability, as aging societies mean younger

² Four key indicators are included in the sub-index presented here: The number of children and youth under 18 that are at risk of poverty or social exclusion; the influence of socioeconomic background on educational outcomes; the rate of early school leavers; and the so-called NEET rate, which captures all young people that are not employed or taking part in any form of education or training. For more details, see the Methodology chapter in the full study, accessible at www.sgi-network.org.

generations will feel the burden of a lack of sustainability and high debt levels more strongly. The share of people who are no longer of working-age and thus are dependent on younger generations has significantly increased in most EU countries.

In addition, the debt levels of many member states, despite minimal improvements in the overall EU average between 2013 and 2016, remain very high. The discrepancies within the EU are enormous; while the best-placing Estonia, with a debt-to-GDP ratio of 9.5%, is the only country that can once again boast a single-digit value for the first time since 2010, Greece remains stuck with a record-setting mountain of debt totaling 181.3% of GDP. Nor have the other countries at the lower end of the spectrum – such as Italy, Portugal and Cyprus (all with values over 100% of GDP) – achieved any reduction in their indebtedness in comparison to the previous year. The most significant improvements have been shown by Germany, which was able to reduce its national debt by 13 percentage points between 2010 and 2016, to 67.7% of GDP. The north-south division of the EU visible throughout this indicator thus gives further cause for concern: Despite improvements in the labor market, the countries marked by crisis have still not managed to reduce the financial burden they are bequeathing to future generations, while the already well-situated countries are having fewer problems with this issue. Factors such as this, along with the already relatively high rates of youth unemployment, increase the probability of emigration among the younger generation's well-educated ranks (a so-called brain drain), again with negative consequences for the economy and society. The fact that investment in research and development is effectively stagnant in cross-European comparison is thus also problematic. EU countries can prepare for the future only with sustainable, innovative solutions.

In many countries, reforms are also necessary with regard to the future living conditions of older people, as a downward slide looms if no changes are made. As an overall trend, the rate of old-age poverty has not yet increased. However, Estonia, Latvia, Lithuania and Croatia show just how devastating insufficiently reformed pension systems can be for future developments. All four countries have demonstrated labor market improvements and have emerged from the worst of the crisis; however, each has now been confronted by an extremely high and steadily increasing risk of poverty and social exclusion for the over-65 population. In Latvia, which brings up the rear in this indicator's rankings, the share of older people at risk of poverty and social exclusion has risen from 33% in 2011 to 43.1% today. Nor is Germany, with a corresponding increase from 14.8% in 2010 to 18.3% today, excluded from this trend. For the future, social-security systems must not only secure the standard of living of today's elderly, but also better address the increasingly interrupted employment histories of the currently young and middle generations. Otherwise, these individuals will be at greater risk of poverty in old age than is already the case today.

2. A step in the right direction:

The new European Pillar of Social Rights

This year, the EU Commission launched a comprehensive framework for ensuring social justice within all member states in the form of the European Pillar of Social Rights. The document's focus is on the protection and rights of workers, as well as of population groups that cannot participate in employment. The goal is to harmonize social conditions in the various member states, enable all citizens to participate socially and economically according to their capabilities, and protect all members of the population against poverty and social exclusion. In this way, the EU should be better prepared for the future.

Overall, a multidimensional approach is needed in order to provide for greater equity of participation in Europe. There is quite clearly no panacea here able to solve all problems. Even the new European Pillar of Social Rights cannot do this, as it is initially focused on very general and fundamentally formulated rights and principles. However, the formulation of the pillar is a very important step toward giving member states an obligation to create better social conditions and opportunities.

Given the very different welfare-state systems and concepts in the individual EU member states, each government must find its own, inevitably context-sensitive solutions. The EU Pillar of Social Rights formulates 20 principles that correspond very strongly with the dimensions of our Social Justice Index. Taken together, the individual objectives of the European Pillar and the present index could serve very well as a general orientation aid helping to identify reform necessities in particularly important areas. In the promotion of social justice, the following aspects are of particular significance:

- **Poverty prevention:** As outlined above, children and young people in the EU remain disproportionately affected by poverty. With its new Pillar, the EU establishes the right to be protected from poverty as a child, and particularly emphasizes that children within disadvantaged groups are entitled to targeted support in order to improve their prospects. In our previous SJI analyses, young migrants and – even outside the eastern European countries – the children of the Roma minorities show a particularly striking need for support. The northern European countries in particular offer a positive example of how child poverty can be quite effectively fought if socially disadvantaged groups receive targeted support through a functioning tax-and-transfer system. However, both in the 20 principles of the new European Pillar and in our study, it is clear that financial measures are not the only factor for addressing child poverty over the long term. Rather, if sustainable remedy is to be achieved, it is important to invest in equality of opportunity both in the education system and the labor market.
- **Equitable access to education:** Investment in high-quality early-childhood education is a key instrument for providing equal participation opportunities. This idea is also reflected in the Pillar of Social Rights, with affordable, high-quality early-childhood education and care declared to be a right for every child. The EU further emphasizes the right to high-quality education, training and lifelong-learning, which helps lead to success and flexibility in the labor market, and enables people to participate fully in societal life. With

regard to the issues addressed in the EU principles, many studies show that integrative school systems, in which students stay together for long periods of time rather than being divided into age-based school classes after only a few years, are a better alternative with regard to individual learning outcomes and educational equity. An additional effective means of providing for greater quality and equity in education can be the targeted employment of highly qualified teachers in high-risk schools, enabling individual support for children with special needs. In general, to minimize the negative influence of socioeconomic background on educational outcomes, it is important that socially weaker families receive targeted support allowing them to invest in good education, for instance through the reduction of fees for preschools and whole-day schools.

- **Labor market access:** Nearly all EU states must take on the challenge of creating incentives for a high employment level, while at the same time facilitating the transition from precarious to secure employment. In this area, the principles of the EU Pillar of Social Rights are very specific: Governments should be required to support job searchers with individualized, ongoing support, and after 18 months at the latest, perform a detailed analysis jointly with the affected individuals examining what causes and solutions might personally exist for them. This takes into account the fact that long-term unemployment represents one of the greatest risk factors with regard to poverty. The share of long-term unemployed individuals within the EU population as a whole has improved since 2013, falling from 5.2% to 4.1% today. However, it remains significantly above the pre-crisis level (2008: 2.6%). The current total comprises almost half of all unemployed people in the EU. With regard to the fight against youth unemployment too, which remains a serious problem particularly in the crisis-struck southern European countries, the EU member states must make greater efforts. This applies to improving vocational training, further reducing the number of early school-leavers, and better facilitating the transition from the education system into the labor market. There is frequently a great discrepancy between the demands of the labor market and the skills made available by the education system. The “youth guarantee” anchored in the new EU Pillar represents one step in the right direction. Improved cross-border labor mobility is also an important factor, which – as required in the EU Pillar of Social Rights – should go along with the right to transfer social-insurance entitlements and the implementation of continuing-education programs. Furthermore, an efficient cross-border approach is necessary, which should include improved cooperation between national employment agencies and the reduction of bureaucratic hurdles to the mutual recognition of educational and professional qualifications.
- **Social cohesion and nondiscrimination:** Great economic and social inequities not only impair sustainable growth, but also have a negative effect on social cohesion within a society. An effective anti-discrimination legislative regime (and its implementation) is a critical factor in increasing equality of opportunity. The EU Pillar of Social Rights addresses this issue at rather general level, but makes clear that everyone has the right to protection against discrimination and unequal treatment, and that opportunities for underrepresented groups should be promoted. Ireland, Sweden and the Netherlands, for example, show model anti-discrimination policies according to the criteria considered in the

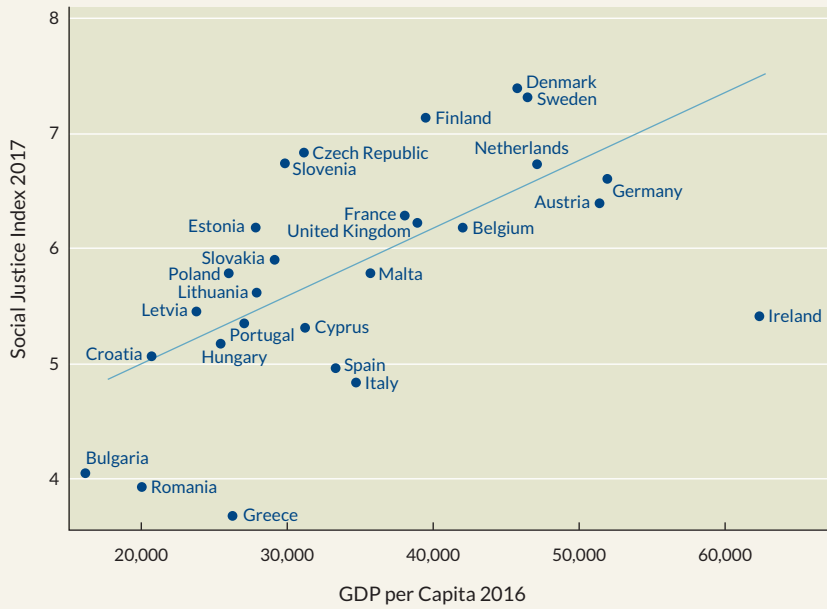
current study. In addition, a coherent and effective integration and immigration policy is essential given the realities of demographic change. Most EU states are increasingly dependent on immigration in order to compensate for negative economic effects induced by societal aging. Integration policy must thus work toward opportunities for equal access for migrants within labor markets and education systems, while opening effective pathways with regard to issues such as family reunification, the expansion of political-participation opportunities, and naturalization. However, in many places this is threatened by nationalist-populist currents that are gaining strength within individual countries. If the EU countries were to act in solidarity, the large number of refugees could also become a definite opportunity for Europe.

- **Health:** Poor health conditions and health-related inequities generate high social and economic costs. Public health measures must thus aim at achieving high-quality health care for the largest possible portion of the population, at the lowest possible cost. In this year's Social Justice Index, Sweden, Germany, Luxembourg and the Netherlands perform best overall in this regard. In addition to political measures to create equitable access opportunities, an additional focus should be placed on the aspect of prevention. If effective health care is achieved, health care systems will see significant financial relief and individual health statuses will improve. Overall, it must be borne in mind that opportunities for societal and economic participation are not limited only by structural inequities within a health care system, but also by individual health statuses, which depend in turn on the factor of healthy or unhealthy lifestyles.
- **Intergenerational justice:** Against the background of the present survey, various policy measures promoting intergenerational justice can be grouped, including improved opportunities for families through investment in the child-care infrastructure, reduction of the public debt, and the expansion of the renewable-energy share. The Nordic states in particular stand out with regard to intergenerationally just policy activity, with policy strategies that support young people and families with exemplary preschool, whole-day school and flexible parental-leave offerings. Their successful approach to combining parenting and working life thus offers a model for political reform in other countries.

The dimensions and political fields of activity for strengthening social justice described here are correlated with one another, and indeed are often mutually interdependent. Poor educational opportunities, for example, lead to impaired labor market prospects, and thus also less opportunity to earn a higher income. Parents with low incomes can in turn invest less in the education of their children – with the subsequent danger of a vicious circle emerging. This is why it is so important that EU member states and EU institutions take a holistic look at the causes of social injustice, its effects, and opportunities for political intervention on the issue. This is now happening with the new European Pillar of Social Rights, and it is to be hoped that the member states regard the goals formulated in this document as a binding standard for their policy. Because one thing is certain: Material prosperity and economic performance alone are not sufficient to produce social justice, as the distribution of countries in the following two graphics clearly shows.

FIGURE 3 Social Justice 2017 and GDP per capita 2016

Unit: Social Justice Index score / GDP per capita, PPP

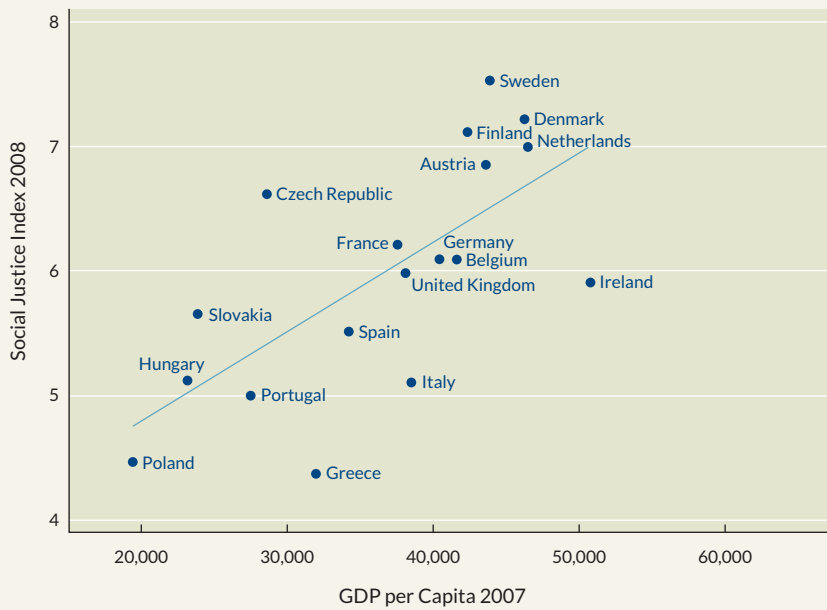


Source: Own calculations.

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FIGURE 4 Social Justice 2008 and GDP per capita 2007

Unit: Social Justice Index score / GDP per capita, PPP



Source: Own calculations.

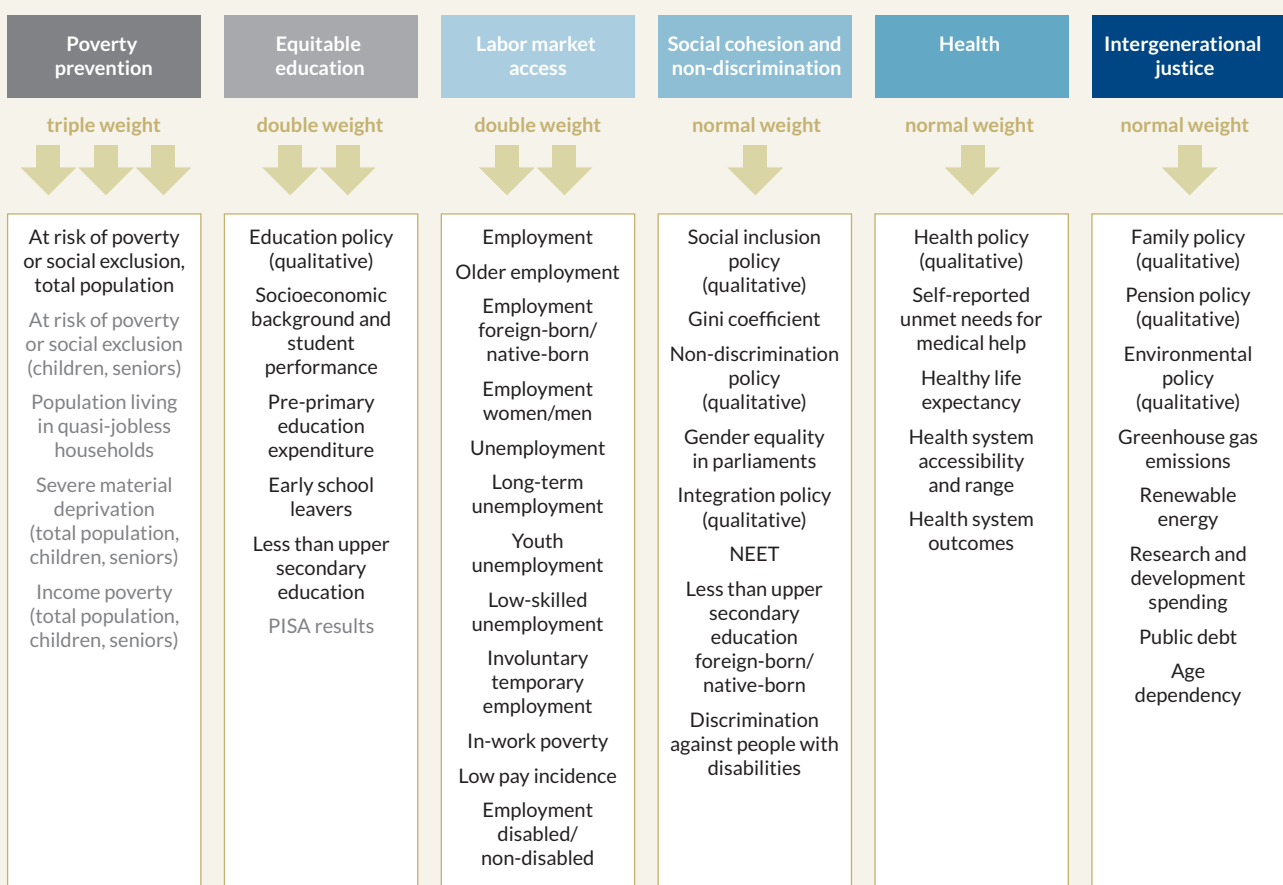
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II. The Social Justice Index – measuring participation opportunities in international comparison

With the EU Social Justice Index, the Bertelsmann Stiftung annually surveys participation opportunities in the 28 member states on the basis of 38 criteria. In the process, six different dimensions of social justice are considered: poverty, education, the labor market, health, intergenerational justice, and social cohesion and non-discrimination. Data collection for the SJI 2017 concluded on 16 October 2017.

FIGURE 5 Social Justice Index – dimensions and indicators

Social Justice Index



Source: Own representation.

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Publishing Information

© Bertelsmann Stiftung
November 2017

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