Poverty, Unemployment and Social Distress in the "Rich Countries". Portrait of a Failed System

The OECD's "Society at a Glance" Report

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The Organization for Economic Co-operation and Development (OECD) published its biannual "Society at a Glance" report last week, documenting the staggering rise of poverty, hunger, unemployment and social distress in countries throughout the world in the aftermath of the 2008 economic crash.

The report, which draws a balance sheet of the nearly six years since the 2008 financial crash, is a damning indictment of the capitalist system and the social policies pursued by governments throughout the world.

Particularly devastating are the figures relating to the United States, the center of world capitalism, the heart of the financial crisis and the "richest country in the world"—in which poverty, hunger and social inequality have grown more than nearly any other country surveyed.

The report also traces the disastrous impact of the crisis on countries such as Greece, Portugal and Ireland, where the social conditions of working people were savaged through austerity measures implemented under the dictates of the International Monetary Fund and European Union.

Some of the indices include:

Inequality: Income inequality has grown sharply in nearly all of the countries surveyed, but nowhere near as rapidly as the United States. In the US, the top 1 percent of the population earned 19.3 percent of all income in 2013, more than double its earnings in 1985.

In the United States, the top 0.1 percent receive a larger share of income than the top 1 percent received three decades ago, while the top one percent now receive the same share of income as the top 5 percent did at the time. The top one percent takes in a higher share of income in the United States than in any other OECD member.

Joblessness: The report notes that, since 2007, the number of unemployed people in the OECD member countries increased by a third, to 48 million. Of those, more than a third have been out of work for more than a year. It adds, "The number of people living in households without any income from work has doubled in Greece, Ireland and Spain, and risen by 20% or more in Estonia, Italy, Latvia, Portugal, Slovenia and the United States."

Poverty: Poverty rose significantly in most of the countries surveyed as a result of mass unemployment and falling wages. The report noted that, between 2007 and 2010, the poverty rate for children rose from 12.8 to 13.4 percent, while the poverty rate for those aged 18-25 rose from 12.2 to 13.8 percent. The United States had a poverty rate of 17.4 percent, significantly higher than the OECD average of 11.1 percent. The report noted that, among the surveyed countries, “only Chile, Israel, Mexico and Turkey have higher poverty rates than the U.S.”

Incomes: Among OECD member countries, average incomes stagnated between 2007 and 2010, while the incomes of the bottom ten percent fell at an annual rate of 2 percent.

Hunger: The United States had the fifth-highest number of people who said they could not afford food, following Mexico, Turkey, Hungary, Chile and Estonia. The percentage of people in the US who said they could not afford food for themselves and their family in the past twelve months increased from 13.4 percent in 2006 to 21.1 percent.

Youth: Conditions for young people are particularly dire. The report noted, “More than 20% of all youth aged 16-24 were unemployed or inactive, and neither in education nor in training in Greece, Italy, Mexico and Turkey.”

Birth rates: As a result of worsening economic security, fertility rates have plummeted across the OECD, led by the United States, which had the most significant drop in fertility rates of any of the countries surveyed.

Perhaps most significantly, the report concludes that the trends of growing inequality and poverty have not been ameliorated in countries where economic output has supposedly begun to recover. “The economic recovery alone will not be enough to heal the social divisions and help the hardest hit bounce back,” said OECD Secretary-General Angel Gurría.

In fact, the so-called “recovery” is almost entirely in the realm of the super-rich—and at the expense of the vast majority of the population. The United States, primarily under the Obama administration, has led the way in the massive infusion of cash into the financial system, to the benefit of the very institutions that created the crisis.

The report, presented by an organization that is among the leading advocates of “structural reform” and attacks on social programs, includes a warning to the ruling class that the astronomical growth of poverty and inequality inevitably must result in enormous social upheavals.

“Deep economic crises can be expected to have profound knock-on effects on people’s…trust in others and in institutions. Understanding these is important not only for monitoring societal well-being, but also because social tensions and a shifting social fabric can trigger and drive fundamental social, cultural and political change.” The OECD concludes that “urgent action” is needed “to tackle rising inequality and social divisions.”

It is indeed true that the impact of the capitalist crisis is leading to major shifts in popular consciousness and a collapse in trust for the existing “institutions.” The ruling class and the capitalist system, however, have nothing to offer. Every social policy implemented in the response to the 2008 crash has been aimed at enriching the ruling elite at the expense of the population, with devastating social consequences.

In fact, the OECD report once more demonstrates that the capitalist system, organized on the basis of the private ownership of production, is obsolete, irrational, and incompatible with further social progress. The only way to ensure the right of all people to a to decent job, housing, healthcare, and education is through the socialist reorganization of world society on the basis of social need, not private profit.