Youth Progress Index

Brussels, Belgium
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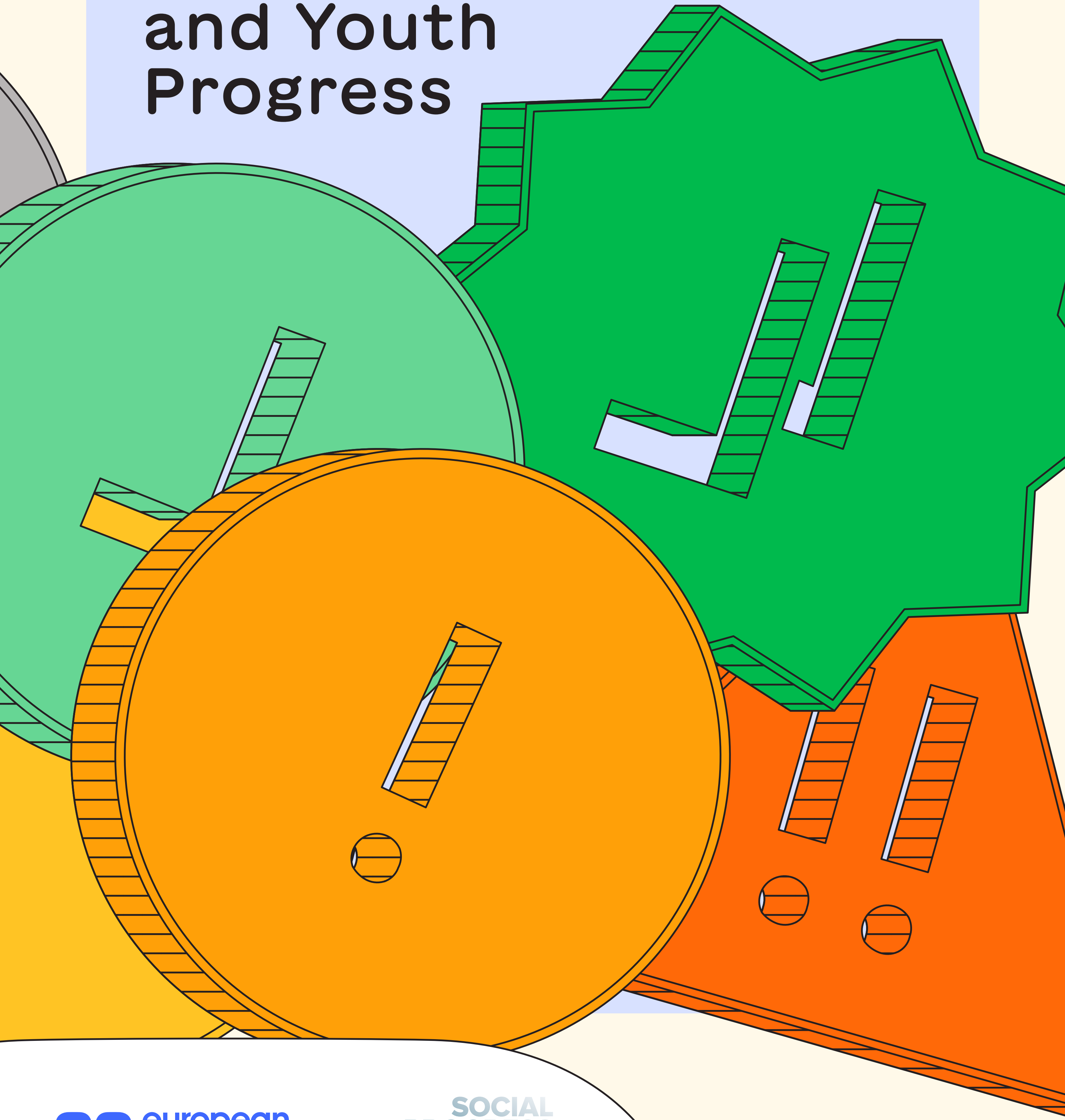
Fiscal Policies and Youth Progress



european youth forum

SOCIAL PROGRESS IMPERATIVE

Acknowledgements

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About the European Youth Forum
The European Youth Forum is the platform of youth organisations in Europe. We represent over 100 youth organisations, which bring together tens of millions of young people from all over Europe.

About Social Progress Imperative
The Social Progress Imperative is a US-based nonprofit focused on redefining how the world measures success, putting the things that matter to people's lives at the top of the agenda. Established in 2012, the Social Progress Imperative strives to improve the lives of people around the world by fostering research and knowledge sharing on social progress and using data to catalyse action.

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Structure of the Youth Progress Index

Basic Human Needs

Nutrition and Basic Medical care

- Infectious diseases
- Undernourishment
- Maternal mortality
- Child mortality
- Child stunting

Water and Sanitation

- Dissatisfaction with water quality
- Unsafe water, sanitation and hygiene
- Access to improved sanitation
- Access to improved water source

Shelter

- Dissatisfaction with housing affordability
- Household air pollution
- Usage of clean fuels and technology for cooking
- Access to electricity

Personal Safety

- Women not feeling safe to walk alone
- Money stolen
- Transportation related injuries
- Interpersonal violence
- Intimate partner violence

Foundations of Wellbeing

Access to basic Knowledge

- Women with no education
- Secondary school attainment
- Gender parity in secondary attainment
- Equal access to quality education
- Primary school enrollment

Access to Information and Communication

- Internet shutdown
- Access to online governance
- Internet users
- Mobile telephone subscriptions

Health & Wellness

- Depression
- Satisfaction with availability of quality healthcare
- Healthy life expectancy at 30
- Health problems preventing from activities
- Access to essential health services

Environmental Quality

- Lead exposure
- Outdoor air pollution
- Satisfaction with air quality
- Species protection
- Particulate matter pollution

Opportunity

Personal Rights

- Young members of parliament
- Freedom of peaceful assembly
- Freedom of expression
- Access to justice
- Freedom of religion
- Political rights

Personal Freedom & Choice

- Vulnerable employment
- Freedom over life choices
- Early marriage
- Young people not in education, employment or training
- Satisfied demand for contraception
- Perception of corruption

Inclusiveness

- Community safety net
- Openness towards immigrants
- Opportunity to make friends
- Acceptance of gays and lesbians
- Access to public services in urban and rural areas
- Discrimination and violence against minorities

Access to Advanced Education

- Women with advanced education
- Academic freedom
- Quality weighted universities
- Citable documents
- Expected years of tertiary schooling

153
Countries fully ranked

60
Social and Environmental Indicators

12
Years of Youth Progress mapped

The Youth Progress Index (YPI), produced biennially by the European Youth Forum in partnership with Social Progress Imperative, is the most comprehensive measurement of young people's wellbeing around the world. It examines essential aspects of youth wellbeing, such as access to sufficient food, housing, health services, opportunities to exercise socioeconomic and political rights, sense of inclusion, freedom from discrimination and the safeguarding of their future from environmental threats.

The third edition of the Youth Progress Index brings added value, inspiring young activists to embrace data for their advocacy. An interactive online dashboard allows for easy comparisons between countries and tracks progress over 12 years.

The Youth Progress Index fuels young people's impactful engagement.

Visit www.youthprogressindex.org

Executive Summary

Fiscal policy matters for young people and future generations. The fiscal choices governments make have intergenerational implications, yet these are often underexplored and ignored by policy-makers. Governments continuously have to make trade-offs between investment and social spending on the one hand and reducing public debt on the other hand. Future-oriented investment and social spending benefits young people while increasing debt that is commonly presented as a burden for young people and future generations. Alternatively, the pursuit of fiscal consolidation, i.e. cuts in government expenditure to reduce deficits and the accumulation of debt, can limit youth progress as measured through the youth progress index

Typically, policymakers do not come from the younger generations. However, it is policymakers who are faced with these trade-offs and are empowered to make these choices. Access to accurate data is therefore vital in guiding them to the right paths. The likely outcome of one option is clearly quantifiable; reduced government expenditure will bring short - to medium-term fiscal positions to presumably 'sustainable' levels. The outcome of the alternative - to invest in those sectors that improve the life of young people while maintaining or increasing social spending - is more ambiguous. Do fiscal policy choices have an impact on the progress of young people?

This report examines the relationship between public expenditure choices and the Youth Progress Index (YPI) in the 27 Member States of the European Union (EU27). The report also examines the specific effects of education and healthcare expenditure on young people's quality of life around the world.

Primary expenditure is a direct indicator of governments' fiscal choices on investment in those sectors considered vital to youth progress. It encompasses the allocation of funds to various sectors and programmes with a direct impact on the economy, public services and social welfare. As a result, they can affect the progress of young people in a number of ways. Social assistance, healthcare services and housing subsidies are all examples of types of support that address the needs of young people, in particular those who are already vulnerable or marginalised. By allocating funds to these programmes, governments can contribute to youth development, reduce inequalities and promote social inclusion.

Austerity policies, on the other hand, are characterised by significant budget cuts and reduced public spending. These have been shown to have detrimental effects on young people as exemplified in the European Youth Forum's report "Generation Austerity" (2022). They often lead to reduced investment in vital sectors such as education, healthcare and social services. This negatively impacts the quality of life and opportunities available to young individuals, presumably leading to a regression in youth progress.

This analysis shows a positive correlation between primary expenditure (as a share of GDP) and the YPI, suggesting that those countries with higher primary expenditure tend to have higher YPI scores. It goes on to highlight positive correlations between the YPI and spending in education and healthcare, suggesting that spending in these two sectors is vital for setting the younger generations on the route to wellbeing and a thriving future.

In particular, primary expenditure on health and education correlates strongly with all the dimensions of the YPI: Basic Human Needs, Foundations of Wellbeing and Opportunity. Hence, decision makers concerned with the progress of the younger generations should prioritise health and education in their spending efforts.

The findings of this study support fiscal policies that prioritise societal goals, are closely aligned with efforts to combat the climate emergency, and drive the transformation of our economies and societies to benefit both people and the planet.

The Impact Of Public Expenditure Choices On Young People's Wellbeing In The EU27

In analysing the relationship between average primary expenditure (as a share of GDP) over the 1995-2022 period and youth progress for the EU27, there is a clear positive correlation. This means that, on average, those countries with higher shares of primary expenditure tend to record higher YPI scores (Fig. 1).

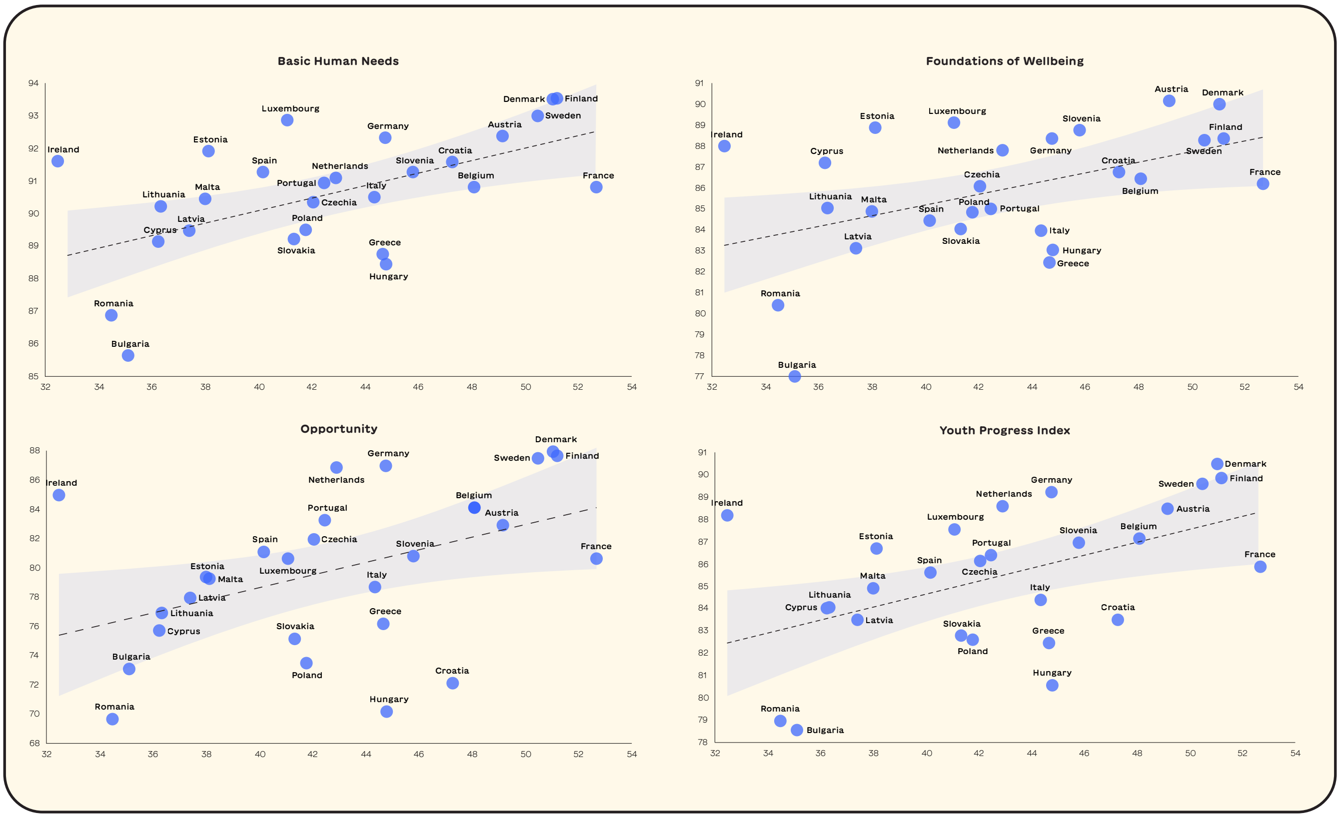


Figure 1: Primary expenditure vs YPI and its dimensions for the EU27 countries.

The Y axis is the score of the YPI (bottom right), Foundation of Wellbeing dimension (top right), Opportunity dimension (bottom left) and Basic Human Needs (top left). The x axis is the % of primary expenditure in the GDP for all facets of the graph.

This pattern also holds true for the YPI dimensions. The higher the share of primary expenditure, the higher the ability of a country to provide for its young people's most essential needs (such as shelter, water and food), to provide opportunities for all young people to reach their full potential (such as political rights, personal freedom and access to advanced education) and to offer the means to enhance and sustain young people's wellbeing.[1]

Thus, fiscal policy choices - more precisely, public expenditure choices - have a significant impact on the progress of young people. By allocating funds to education, healthcare, social services and other vital sectors that directly or indirectly affect young people's quality of life, governments can encourage their development and promote wellbeing.

Results seem to indicate a weaker relationship between primary expenditure and the Opportunity dimension of the YPI (r2=0.19). Interestingly, however, further investigation of this relationship showed that marginal increases in primary expenditure have the highest impact on the Opportunity dimension of the YPI (see Fig. 1).

1 Harmacek, J., Mustafa, B., A., and Htitich, M. (2023): Youth Progress Index 2023: Methodology summary, Social Progress Imperative, Washington, DC & European Youth Forum, Brussels

Indeed, regression results indicate a significant coefficient estimate of 0.43. This means that an increase of a single percentage point in the primary expenditure share of GDP is associated with a 0.43 increase in the score for the Opportunity dimension.

This marginal effect is the highest compared to the other YPI dimensions. It offers a straightforward way for governments to improve various aspects of the quality of life of young people, including access to equal opportunities and increased inclusiveness.

The positive correlation discussed above leads to conclusions on the impacts of austerity policies. By interrupting investment efforts and reducing redistribution, austerity paves the way for economic stagnation and increased inequality. The resulting decline in primary expenditure suspends improvement in the various components of youth progress, with dire consequences for young people and other vulnerable groups.

Austerity policies not only lead to material deprivation for young people, but also bring about a series of changes to the ways in which they perceive and engage with the world and each other. During the last wave of austerity (2010-2015), uncertainty, resignation and frustration led to a rise in political apathy and disaffection. This in turn saw the growth of radicalism and to the resurgence of reactionary, populist political parties.[2] Neglect and abandonment by public institutions only foster disenchantment with politics and result in indignation and fear.

2 Fernández-Trujillo, F, & Gastaldi, P, (2022), Generation Austerity: When governments cut budgets, young people suffer, don't do it again. Brussels: European Youth Forum.

Health And Education As Examples Of Fiscal Choices

It is also important to include other countries, beyond the EU27, in the analysis, by examining the effect of public expenditure on a medium - to-long term basis (1995-2022). Looking at the relationships between government expenditure and youth progress on a global perspective can prove insightful, particularly if one considers the contrasts between the differing public policies. To do this, we focus on two aspects of government expenditure, namely the domestic general government health expenditure and that on education, both expressed as shares of GDP.

Figure 2 depicts the global pattern of the relationships between the 1995-2022 average government expenditure and the YPI scores and its dimensions in 2022. Overall, these relationships are unambiguously positive, demonstrating that higher levels of expenditure on health and education contribute to the improvement of young people's general quality of life (as measured by the overall YPI score). This also contributes to fulfilling their Basic Human Needs, enhancing their Wellbeing and to ensuring the equality of Opportunity.

Figure 2 Government expenditure on health (upper part) and education (lower part) vs the YPI and its dimensions.

The amount of funding a country allocates to education directly impacts young people's wellbeing. Adequate funding for schools, teachers and educational resources improves the quality of education and promotes positive outcomes for young people. In addition, net primary spending on education programmes - such as scholarships, training and grants for apprenticeships - can expand the opportunities for personal and professional development.

Public spending on healthcare plays a critical role in supporting youth progress. Accessible and affordable health services - including preventive care, immunisations and mental health support - contribute to the wellbeing of youth. Health programmes that focus on specific youth issues - such as sexual and reproductive health, substance abuse prevention and mental health services - can have a long-term positive impact on their overall development.

While the impact of public spending on health can be defined as 'direct', the relationship between public education spending and youth progress appears to be more complex. Figure 2 shows expenditure on education countries to be much more scattered around the trend line; this means that governments allocating substantially different proportions of their GDP to expenditure on education can nevertheless achieve similar YPI performances.

Although adequate funding for schools, teachers and educational resources is essential for improving the quality of education and promoting skills development, spending alone is not the only factor influencing educational outcomes. Others include curriculum design, teaching methods, parental involvement and sociocultural aspects, which may vary from country to country.

The accessibility and equality of educational opportunities, including scholarships and grants, can also represent a crucial factor in lowering barriers to education and promoting social mobility. As a result - by deploying policies that create an inclusive and equal access to education - governments may achieve similar results in terms of young people's progress, even if allocating different proportions of their GDP to spending on education.

A balanced approach, which ensures adequate investments in health and education, is essential for fostering the holistic development of young people and maximising their long-term prosperity.

Implications For Policy-Making

Building youth-friendly budgets

The results of this analysis clearly indicate that investing in young people will bear fruit. Efforts to ensure a flow of resources towards public investment and social spending show positive results in young people's ability to meet their Basic Needs, build the Foundations of their Wellbeing and provide the Opportunities for them to thrive.

Fiscal choices made during the 1995-2022 timeframe also provide an explanation for the evolution of the YPI. This is particularly important, given that young people tend not to be the ones in power. Choices made today will have a long-term impact on their social progress in the decades to come.

This rings all the more true given that we know that austerity budgets always loom. The temptation to cut social spending and forsake investment in the future in order to focus on present payments to institutional investors is all-too common in all forms of government.

The mantra that debt is a burden on future generations in reality appears to be a gross oversimplification, although it is regularly evoked to justify public spending cuts. This analysis suggests the opposite to be true. Public spending on education and healthcare has positive effects on the lives and livelihoods of young people. The scattering of the data, however, shows that good policy making requires precise, targeted decisions - adjusted to sociocultural specificities - in order to be genuinely impactful and bring prosperity. Given the threat posed by the climate crisis, current investment needs are even more substantial and urgent.

Making Fiscal Rules Work For Young People In The EU27

It is vital to consider the implications of fiscal policy decisions and public expenditure choices on young people within the context of the EU's Economic Governance Review. The proposal by the European Commission risks undermining both the quality and the quantity of spending by the EU27. This poses a significant problem, as there is a tension between meeting those important social and environmental goals that require public spending and investment while at the same time adhering to the strict debt rules of the proposed framework.

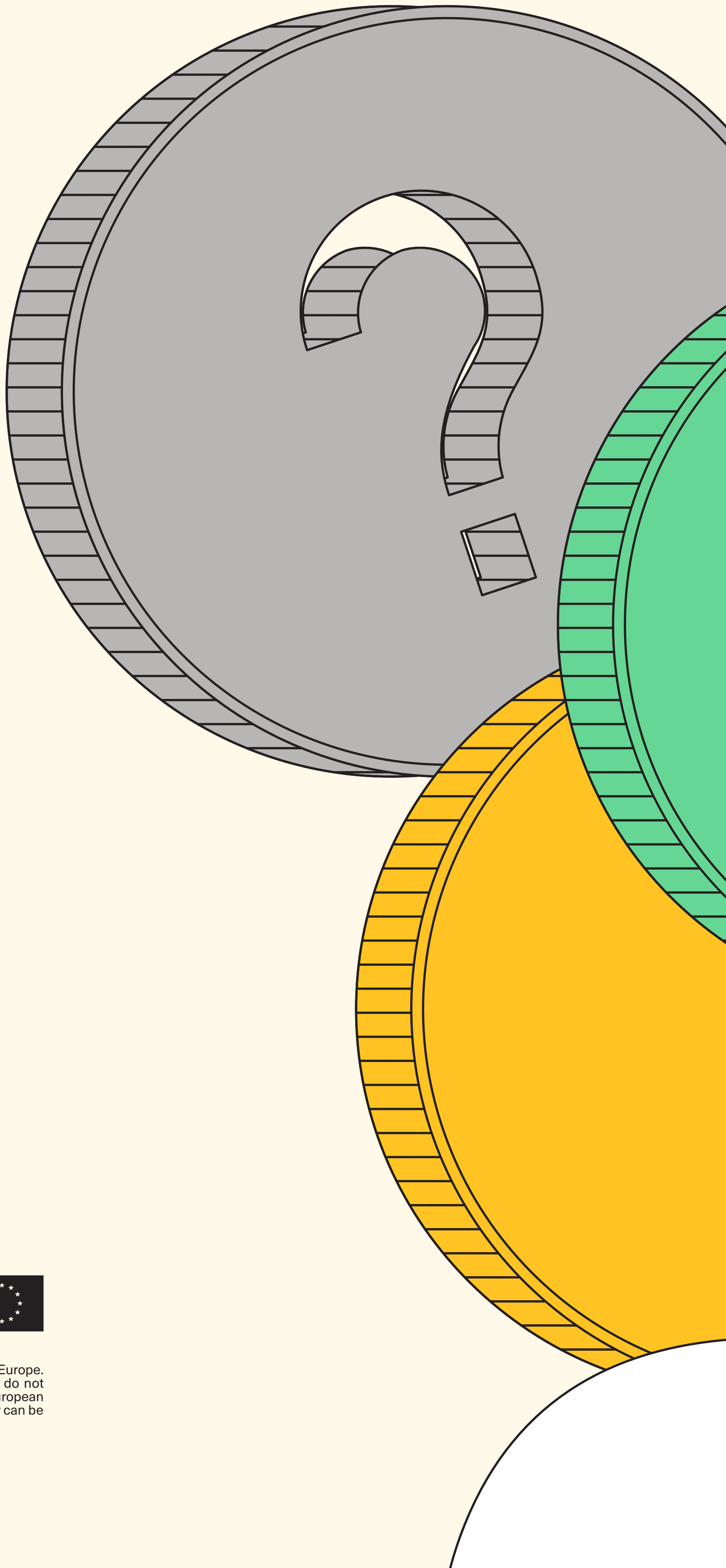
Under the Commission's proposal, those EU Member States with a deficit above 3% of GDP will have to reduce their budget deficit by a minimum of 0.5% of GDP each year. In practice, this would force spending reductions on 14 Member States in 2024. This is equivalent to losing enough to fund 1 million nurses or 1.5 million teachers.[3] This will inevitably prove detrimental to young people in particular.

In addition, the current proposals neglect the urgent need for substantial investment to address the climate crisis. Young people are at the forefront of climate activism and are deeply concerned by the long-term consequences of environmental degradation. A failure to allocate adequate funds for combating climate change and for transitioning to sustainable practices will place a heavy burden on young people and future generations.

Investments in renewable energy, green infrastructure and sustainable industries are all essential to mitigate the effects of climate change and ensure a sustainable future. Neglecting these in favour of austerity measures will have far-reaching consequences, negatively impacting the quality of life and opportunities available to young people in the EU and jeopardising their future

It is therefore crucial for the EU's Economic Governance Review to consider the long-term implications of the proposed measures for young people and future generations. A balanced approach, which prioritises fiscal space for investments in education, healthcare, social services and climate action is essential for promoting youth progress, reducing inequalities and safeguarding the wellbeing and prosperity of young people in Europe.

3 European Trade Union Confederation (2023), EU Rules Require €45 Billion In Spending Cuts Next Year, available at https://www.etuc.org/en/pressrelease/eu-rules-require-eu45-billion-spending-cuts-next-year.



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