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GREEN PAPER "CONFRONTING DEMOGRAPHIC CHANGE: A NEW SOLIDARITY BETWEEN THE GENERATIONS" Communication from the Commission

Introduction

TCOs contribution to the Green Paper on Green Paper demographic change focuses on family policies and the need to increase birthrates and form a new and better division of work between women and men. TCO, of course also supports ETUC:s contribution.

Summary and proposals

Growth in a modern welfare society requires gainful employment for both men and woman. The most important keys to understanding the issues surrounding the supply of labour necessary for long-term economic growth can be found in the factors influencing family formation and structure. One of the most important ways of addressing future labour supply concerns is increasing female employment rates. But in many Member States this will jeopardise birth rates and future growth prospects. An equal working life and more even allocation of responsibilities between men and women in the home will therefore become increasingly important. Gender equality will therefore become not only an issue of fairness, but also a tool for higher growth.

Children are a high-risk project for women. For many women in Member States, children mean a less of a connection to the labour market, lower income, greater risk of poverty and a lower pension. For men, in many countries children are a non-project, changing very little in their labour market situation, use of time at home and opportunities for income. But to achieve a higher birth rate, even men's situation in the labour market must be improved. Countries where men have shorter working hours also have a higher birth rate.

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The ability to combine work and family through increased gender equality and an improved welfare system is therefore an important element in changing demographic conditions. Inadequate childcare and poor gender equality contribute to delayed childbearing and low birth rates. Tax and benefit systems reduce women's opportunities to work while informal care by family networks is not as universally accessible as in the past. Undeveloped childcare capacity also hampers the work-life balance and, in combination with the cost of formal childcare and the lack of after-school care, severely pressure women to choose either work or family. One solution may be part-time work, but this limits career progress, especially for women because they work part-time more than men.

Not only are formal systems important, but even more so, attitudes towards gender equality and the actual possibilities for combining parenthood with gainful employment will be decisive for future economic development. In mature economies, general attitudes towards gender equality and the ability of both men and women to combine gainful employment with education and family life will be crucial for favourable economic development.

In several of the large EU economies, such as Germany, Spain and Italy, neither attitudes nor the welfare system are adapted to a society where both men and women accept equal responsibility for work and income as well as for the family. This situation hampers these countries prospects for growth and even strains the EU's economy.

Decreased welfare as a prescription to solve the demographic crisis leads to a trap. Women are forced out into the labour market, but birth rates will not rise; on the contrary, such measures lead to the opposite effect. The EU should instead stimulate growth through greater security and predictability in the labour market. Undermined regulations, uncertain employment and longer workdays reduce childbearing and pose a risk to sustainable growth and the welfare system. Lowering welfare ambitions in this situation could become a Pyrrhic victory. It might increase growth in the short-term, but at the price of inferior prospects for long-term growth.


The EU's response to the demographic challenge should instead be to promote shorter working hours by tightening relevant legislation. One point should be to eliminate the opt-out rule, which in practice forces employees into flexibility and longer working hours on the employer's terms.

The EU should also advocate reversing the trend toward increasing the percentage of fixed-term employment, especially for women. Consequently the directive concerning fixed-term work should be re-negotiated.

People should focus on better gender equality in the workplace through a specific programme to combine family and work for both men and women. The Commission should initiate a programme to achieve long-term changes in the attitudes of men and women.

Investigate discrimination in the workplace and concentrate on actions to increase individual flexibility at work. This can be done through the newly formed European Institute for Gender Equality and by investing in a better working environment through the Structural Funds.

SWEDISH CONFEDERATION OF PROFESSIONAL EMPLOYEES (TCO)



Sture Nordh
President and General Secretary



Thomas Janson
International Secretary

Appendix

More and more women work; fewer and fewer children are born

The EU's long-term prospects for growth depend on the percentage of the working age population that is employed. The European model with stronger welfare systems, where the population shows solidarity and accepts responsibility for pensions and life's risks, such as illness and unemployment. An ambition to create social equality presumes a demographic balance between the working, employed population and the unemployed. Demographic imbalance jeopardises both welfare and growth.

The EU currently faces a demographic imbalance where low birth rates strain the social welfare systems. The situation is already alarming, since by 2011, the EU 25 will have a decrease in the working age population. The population in the EU 25 has grown from 350 million in 1950 to 418 million in 1975 to 450 million in 2000. By 2025, according to Eurostat the population will grow to 470 million, after which it will decrease to 449 million by 2050. According to Eurostat, the number of employed people will decrease by 3 percentage points by 2025 and 14 percentage points by 2050. According to the European Commission's calculations, the demographic trend could lead to a decrease in the potential growth rate in the EU from the current 2.25% to about 1.25% by 2040 at the latest.

Differences among the countries are substantial. The new member countries have already experienced a reduction in population, while it will take until 2010 before the population reduces in a number of other countries. The only countries that have a sustainable development for their working population are Sweden, Luxembourg, Cyprus, Malta and Ireland.

This situation is largely due to the fact that birth rates vary substantially among the countries. Ireland, France, Denmark, Finland, and the Netherlands have high birth rates, while Poland, Slovenia, the Czech Republic and the Slovak Republic have the lowest birth rates. But for many countries the common denominator is that the birth rate has fallen sharply over the past 15 years. For countries such as Spain, Ireland, Greece, Lithuania, Poland, the Czech Republic and the Slovak Republic, the 1990s have meant a falling birth rate by more than one child. In other countries such as Denmark, Finland, the Netherlands and Sweden, the birth rate has increased or remained unchanged.

At the same time, the female employment rate increased from 52 to 59 percent just during the past decade. The increased female employment rate is a sign of a more equal society, where it is also taken for granted that women are gainfully employed and have careers. Despite this increase, women still have a lower employment rate than men in the EU. Even if the difference in the employment rate between men and women has improved, there is still a difference of just over 17 percent between the employment rate for men and women.

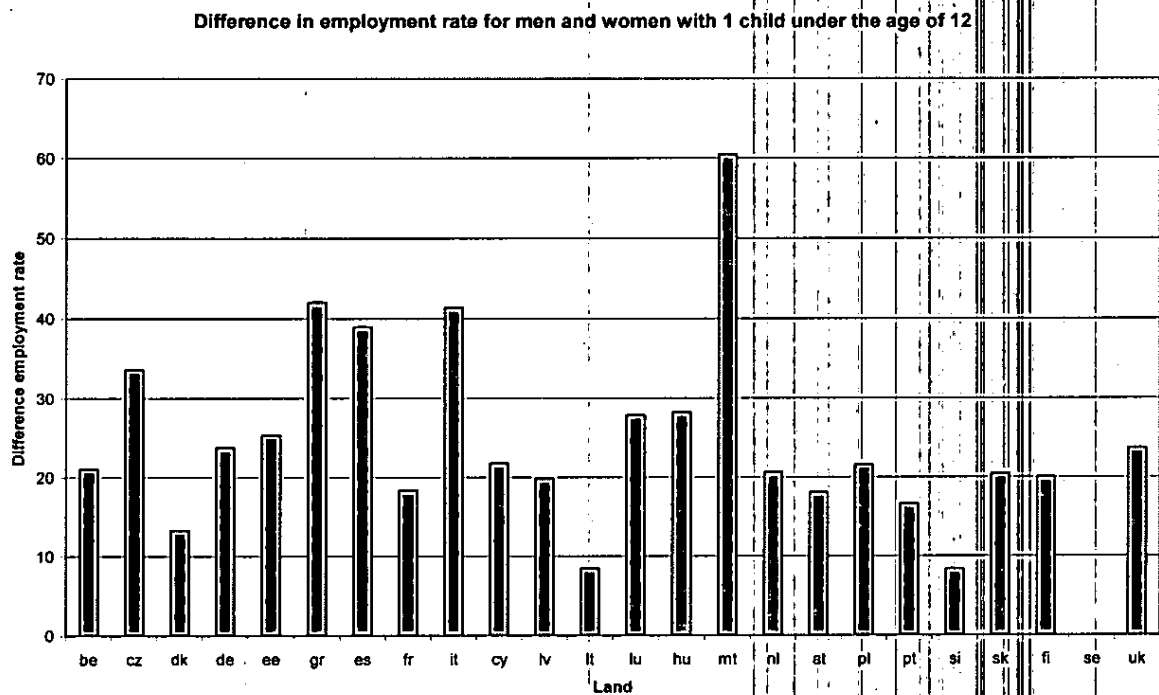
Table 1 The difference between the employment rate for women and men

	1999	2000	2001	2002	2003
EU-25	19.6	19.2	18.5	17.7	17.2
15	20.6	20.2	19.5	18.5	17.9

Source Eurostat

One of the main reasons for the lower female employment rate is that in general it decreases radically when women have children and there are also signs that it does not recover much after the children become adults, while the male employment rate increases when men have children. An unweighted average in the EU shows that the employment rate for women with one child is seven percent less than for women without children, while the employment rate for men increases by six percentage points when they have children. The more children women have, the lower the employment rate.

Graph 1



Source Eurostat

Nevertheless, there are major differences. For example, in Denmark, Finland, Slovenia, Lithuania and France, the employment rate drops for women just slightly or even rises, while in the UK, Estonia and the Czech Republic, the employment rate drops sharply. In the majority of countries, the employment rate is higher for men who have children than for men who do not have children, while the employment rate for women declines when they have children. This is the case in all countries except Denmark, Portugal and Slovenia. Women's absence from the labour market affects their pensions, unemployment benefits and career potential.

The reality for women in many countries is that they are forced to choose between children or work. When the female employment rate rises in Member States, the birth rate falls. In almost all Member States the birth rate has decreased, while the employment rate for women has increased. The new Member States and the southern Member States account for the biggest reduction in the birth rate. In Spain, the birth rate has decreased by 0.75 children, in Ireland by 1.09 children, in Poland 1 child. At the same time the female employment rate has risen by 19.4 percentage points in Spain, 26.5 percentage points in Ireland and 4.5 percentage points in Poland.

Caught between work and family, not only are fewer children born in the EU, but women delay childbearing and the proportion of women who never have children at all is growing. The average age for the birth of the first child for women born in 1965 compared with those born 1945 has increased from 24 to 26. If you compare the proportion of women who give birth to their first child between the ages of 30 and 35 in eight countries,¹ the percentage has doubled from nine percent for women born in 1940 to 18 percent for women born in the sixties. The proportion of women in their forties who do not have children in some countries is 20 percent. Obviously, women wait to have children until they have completed their education. Also, the number of women born in the sixties who only have one child is growing, compared with women born in the thirties. In Spain, that percentage has increased from 7 percent to 26, Italy 5 percent to 25 and in the Netherlands 7 percent to 17. Men and women have fewer children and they are older when they do so.

The reason that the birth rate drops when the female employment rate rises is that it is still difficult for both men and women to combine work and family. Women do most of the housework and therefore have less time for salaried work. Men do less than 40% of all housework; among couples with children up to the age of 6, men provide 25 to 35% of childcare. There are, of course, many explanations for this situation. One is the formation of work and the welfare sectors that hampers the combination of work and family. Parental insurance, access to childcare and opportunities for greater flexibility at work, such as part-time employment, increase the potential for combining work and family.

The difficulties of combining work and family are due to factors such as limited access to childcare and because of gender stereotypical family patterns. The right to paid parental leave varies greatly among Member States. In the age group 0-2 years the maximum parental leave after birth varies (EU 15) between six weeks (the UK) and 52 weeks (Sweden). The average in the EU 15 is 17 weeks. This means that only in half of the EU 15 countries do parents receive paid parental leave after the third month. In other countries, parental leave is extremely short, which mainly forces women to either stay at

home with the children or return to work and arrange for childcare. The problem in many of the EU countries is that limited rights to parental leave are often associated with poorly developed childcare arrangements for the younger children.

Nor does it work to return to more traditional family patterns where only the man works.

Table 2 Connection between type of family and birth rate

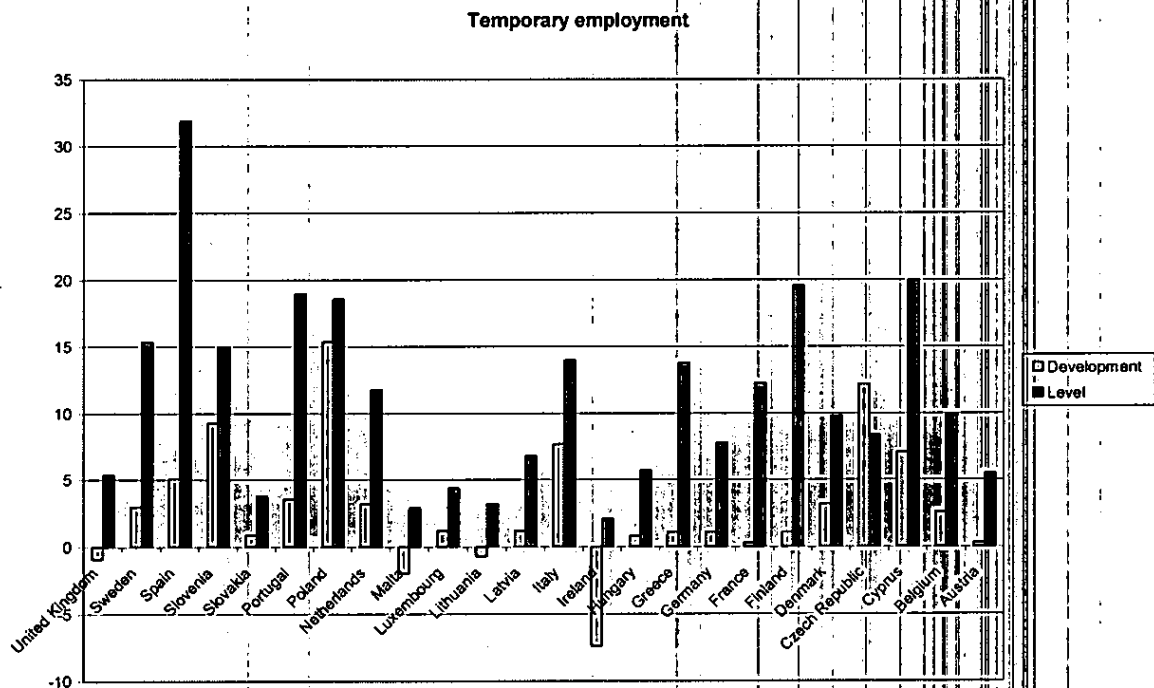
High birth rate, non-traditional type of family ²				High birth rate, traditional type of family	
GB	29	1.71	LU	41	1.63
NL	26	1.75			
					FI 25 1.76
FR	30	1.89			
BE	25	1.61			
Low birth rate, non-traditional type of family				High birth rate, traditional type of family	
SI	12	1.22			
LT	17	1.25			PT 21
	1.44		DE	37	1.34
LV	31	1	SK	36	1.1
					CY 28 1.46
	CZ	42	1.18		
AT	27	1.39	PL	36	1.24
			GR	47	1.27
			ES	47	1.29
			IT	49	1.29
			HU	46	1.3
					EE 37 1.35

Table 2 shows the correlation between type of family formation (percentage of households with children where only the man works) and birth rate in a country. The results show that in countries where only the man works in large parts of households (> 35 percent), the birth rate is also extremely low. Only Luxembourg has succeeded in retaining a high birth rate and the traditional family. Countries where both the man and the woman work in large parts of households are just as likely to have a high birth rate as those countries that have more traditional families. Consequently, if both the man and the woman work, it is no obstacle for a higher birth rate.

Uncertain job reduces birth rate

The decline in the birth rate is probably not only because of the difficulties of combining work and family. An equally significant reason could also be uncertainty about the future, an uncertain employment situation and the difficulty of combining work and family because of inflexible and long working hours.

Graph 2



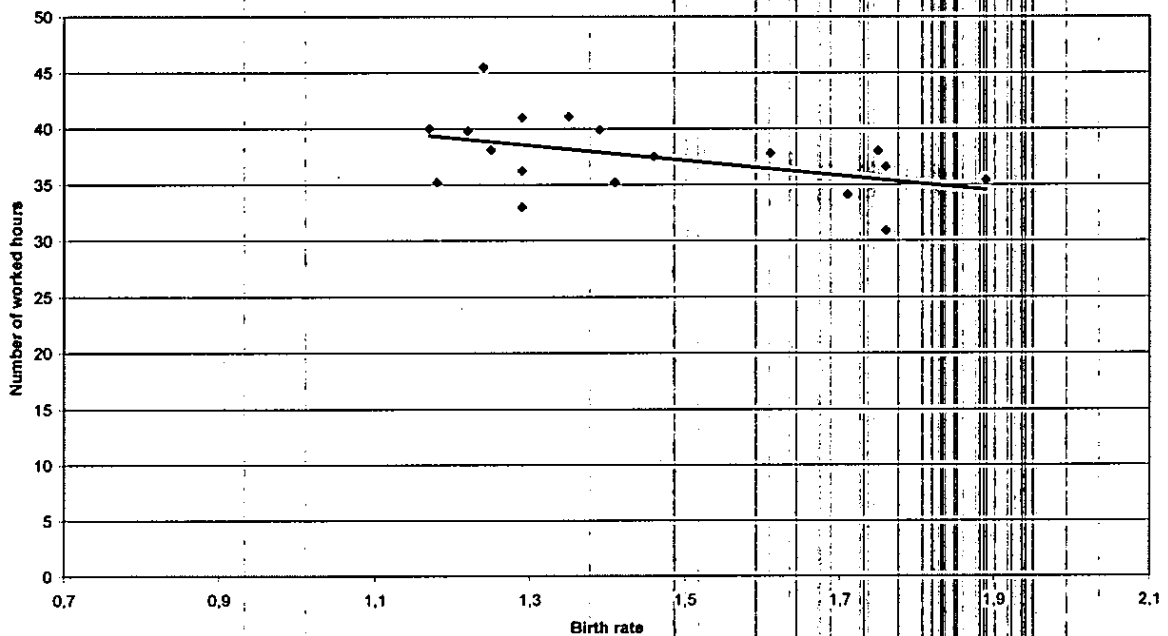
Source Eurostat

In almost all Member States fixed-term employment has increased as a proportion of all employment during the 1990s. It is mainly women who suffer from uncertain terms and conditions of employment, such as fixed-term employment. There is no clear relationship between birth rates in Member States and the percentage of fixed-term employment among women. But there is a correlation between the development of fixed-term employment among women and the birth rates. Member States that have a

trend with an increased percentage of fixed-term jobs also have lower birth rates. There is also a group of countries, especially the new Member States, where the development of fixed-term employment has been accompanied by a decreased birth rate, while other countries, such as the Nordic countries and the Netherlands, have succeeded in increasing the birth rates despite the increased percentage of fixed-term employment.

Graph 3

Correlation between rate of working time for women and birth rate



Sources Eurostat and Dublin institute
Corr -0,56

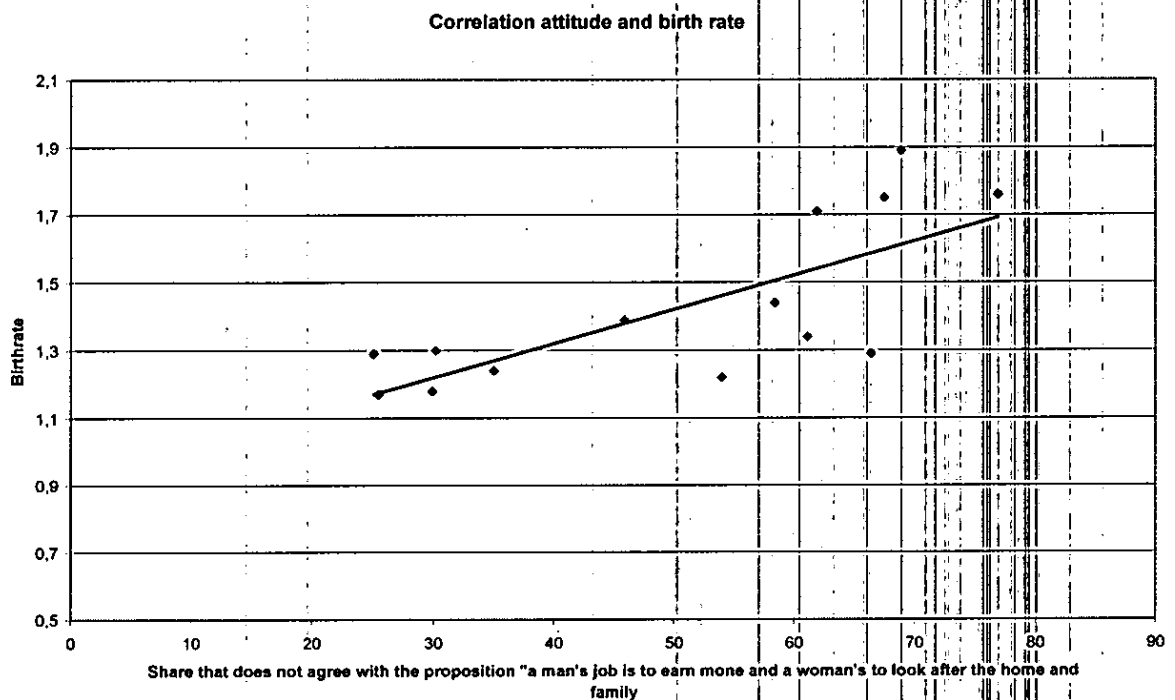
Working hours also probably have significance for the birth rate. In countries where working hours are high for men and women, the birth rate is also low, while countries where the working hours for men and women are lower have higher birth rates. This suggests that the development of the employees' situation in the labour market is highly significant for birth rates. A development toward more uncertain terms of employment and longer working hours does not encourage birth rates.

More equal attitudes increase birth rate

The attitudes of the population, including those of employers, play a major role for the possibilities of combining work and family and therefore, for birth rates. Attitudes related to work, family and gender equality differ substantially among the countries. ISSP asked for responses to the following statement: "A man's job is to earn money; a woman's job is to look after the home and family." Responses in the Nordic countries and eastern Germany differed substantially from those in the new member countries. In Sweden, Norway, Denmark and eastern Germany, over 70 percent do not agree with this assertion, while in countries such as Poland, Hungary and the Czech Republic, fewer than 40 percent disagree.

Attitudes towards gender roles and whether the woman should work in families with children how the family should solve the degree to which you shall the distribution of whether women should work affects women's opportunities to work and men's opportunities to share family life.

Graph 4



Sources ISSP and Eurostat
Corr 0,78

In those countries where attitudes are more equal, birth rates are higher and the female employment rate is higher. Countries with equal attitudes therefore experience double benefits. At the same time as greater gender equality is achieved, people can also take better advantage of the entire population's motivation to work, innovative and creative energy because with the higher female employment rate there is time for family and

children, which through the higher birth rate secures sustainable growth. Values pertaining to gender equality and the individual improve the individual's opportunities to merge education, working life and family.

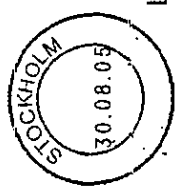
Some Dutch researchers have shown that values and social attitudes matter. They have ascertained that the more a woman invests in her career, and the most successful she is at work, the worse her husband's mental state. Researchers call the syndrome the "unfulfilled husband hypothesis", which means that men feel inadequate when women slide away from their traditional roles. They also note that the more men work, the happier they are, and those men who earn more than their wives are much happier than those who earn the same or less. The researchers conclude that men still see themselves as the one who should support the family, and that they ought to find new ways to define themselves.

At the same time, in most of the countries studied³ there is awareness of and support for the concept that men should accept more responsibility for childcare than they do today. It shows that there is a desire for a change in attitudes and behaviour in Member States. Obstacles to developed gender equality, higher birth rates and therefore, higher growth, consist of structures as much as attitudes. In both these regards, the employer's role is critical.

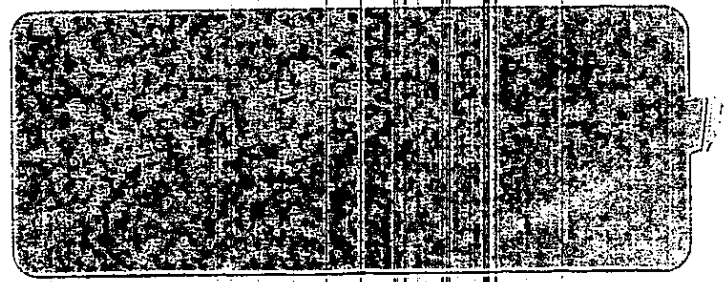
When employers have negative attitudes towards parenthood, women in particular are at risk of dismissal in connection with pregnancy and parental leave. In the UK, the Equal Opportunities Commission carried out a study to investigate how employers handle their employees' parenthood.

Smaller companies in particular have negative attitudes towards pregnancy and parenthood. About 36 percent of employers in small and medium-sized enterprises, compared with 22 percent of employers in larger firms feel that employees' pregnancy is an undue burden for the company. Even if only a minority of employers were negative to the involvement of women on parental leave at the workplace, a full 30 percent of small and medium-sized enterprises were against paying for skills development for pregnant employees, even though it is illegal according to British law to deny skills development because of pregnancy.

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