



The Fourth Demography Forum

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Some 320 participants attended the Forum opened by Commissioner Andor.

This report was drafted by the Forum organisers on the basis of the delivered speeches. Any possible errors or omissions are to be imputed to the Forum organisers

Introduction

In his welcoming speech, Commissioner Andor underlined our duty to prepare a longer-term future for ourselves and our children while being conscious of the need to urgently tackle the short-term problems caused by the crisis. He highlighted a dilemma whereby cutting jobs to reduce costs and debt was also reducing revenue and increasing social welfare expenditure. Facing ageing meant creating an environment where growing old did not necessarily mean becoming dependent on others. For today's young, it was necessary to bring education and training more closely into line with the skills needed on the labour market and to take advantage of free movement on the EU labour market to match jobs and skills more effectively. Overall, within existing budget constraints, the Member States need to shift their focus to investing in human capital, supporting job creation and social cohesion. Francesco Billari cast the policy debate into the observed long term trends of higher education levels, especially for women, postponement of access to and exit from labour market, family-forming and child birth, and the increasingly positive link between well-being and fertility. Monika Queisser underlined women's potential in sustaining labour supply and the role of the market place and public authorities; to remove barriers to women's participation in the labour market, a whole array of policies should be enacted, in the areas of work-life reconciliation policies, removing disincentives in tax and benefit systems, education and labour market, entrepreneurship, gender equality. Marc Frequin warned against localised initiatives to attract young adults that tend to create an expensive service excess supply; at local level, there was a need for more adaptability in measures to develop physical (e.g., multi-functional buildings that can be reconverted) and human capital to adapt to changing needs; there were also opportunities to make of the challenge a virtue, as for instance in converting abandoned areas to "energy regions" within a necessary "strategic de-investment".

At the dinner speech, Speder Zsolt, director of the Demographic Research Institute at the Hungarian Statistical Office, underlined the deep long-term societal transitions, in particular in the EU12, that risk resulting in rapid ageing.

Opportunities for young adults

Tomas Sobotka warned that the trend towards delayed childbearing had accelerated. In particular, rapid rise in **labour market uncertainty and unstable job conditions** appear to have a negative effect on fertility rates and fuel an increase in uncertainty about future childbearing plans. Among the policy targets he advocated pursuing

- *Making labour market more adapted* to attract more young adults, migrants, women, as well as the elderly into labour force. At present, the major threat to European welfare system is not population aging as such, but the inability of labour markets to tap the unused labour market potential of many “underemployed” people.
- *Reducing income inequalities*, which have been on the rise in most countries in Europe. As more people live “on the margins”, without decent income, education, and employment, the reproduction of “social disadvantage” threatens future human capital more than the observed low birth rates in many parts of Europe.
- *Reducing elderly bias in social spending*. Recently, Vanhuyse (2013) has shown that social spending in many countries of Europe is strongly biased towards the elderly, which risks undermining intergenerational justice and makes young adults’ well-being more dependent on the willingness of their families to support them. The “elderly welfare spending bias” also implies that government cuts in social spending in times of austerity fall more heavily on younger generations and, consequently, may impinge negatively on family formation.
- *Supporting family formation and homecare for children among those temporary out of employment*. People out of employment often lack resources considered necessary to start a family. For instance, parental leave benefits are often tied to previous employment. One way how to support people who are temporarily out of employment in their decision to have a child, is to establish a system of temporary home-care allowances, housing subsidies and special loans for parents with small children.

Pavel Trantina outlined very clearly the economics behind the **youth guarantee** as its advantages would not be limited to help young adults – a strong reason in itself -, rather it makes strong economic sense from an investment viewpoint. There were some 14 million young NEETs in the EU-27; these cost in excess of 150 billion per year; according to ILO estimates, the guarantee would cost some 21 billion for the next few years and the youth guarantee fund itself was endowed with 6 billion per year in the current EU multi-annual financial framework.

The NEET, that is young people not in employment, education or training, cost varied widely across Member States; and lower cost were associated with Member States that had invested early in young people. Investments had to be planned at national level but following common EU principles.

In **Finland**, as Matti Mäkelä explained, there was much satisfaction with their “training guarantee model”. Since 2011 it offers those who completed comprehensive school (to age 16) a placement in education/training, apprenticeship, youth work or other suitable position; since 2013, it offers

those who completed secondary education work, training, education or another place serving their needs within three months from the start of unemployment.

Moreover, the guarantee helps ensure obligatory school completion. In addition, education goals were pursued via an array of measures, including by introducing a three-level special education support program based on individual need and flexible learning paths in basic education, cooperating with families, providing adequate information about further education.

Improving the work-life balance

Anne Gauthier identified two major objectives in this area, namely allowing **more mothers** to participate **in the labour market**; and improve the **work-life balance** of mothers and fathers. Towards the first objective, policy measures are needed to address mothers who are temporarily outside the labour market because of child duties, as well as those who are unemployed or inactive because they have withdrawn from the labour market.

Policies that fostered education opportunities for both sexes; work opportunities in family-friendly workplaces; maternity and balanced parental leave for both parents; quality, convenient, and affordable childcare combined with social support were identified as the most effective.

Some rebalancing between **paid and unpaid work** was necessary to allow improving the work-life balance. Maria Jepsen indicated flexible working arrangements, accessible quality care services and adequate parental leave schemes as crucial policy levers. It was also important to consider what kind of jobs these policies would foster, for instance those available to women who return from leave. She reported that women in the EU, while faring better than men in working conditions and working time, are often penalised in terms of salaries and career opportunities.

According to her, It was important to realise that work-life balance is for both women and men; that there were issues of consistency between work-life balance and gender equality, especially on the labour market; that there was a need for continuity in supporting the access of women to the labour market. Gender mainstreaming was a crucial policy option that could ensure continuing support throughout the life course.

Iceland was proud of its world primacy in gender equality, announced Kristin Ástgeirsdóttir. There were no secret formula, rather a good combination of friendly policies such as work organisation, including hours, education levels, leave provisions, child care, promoting an equal share of housework, family and elderly support and a supportive tax and benefit system. Main changes occurred between 1960 and 1980, during which women strongly increased

their role on the labour market; 1960's policies fostered the dual-earner model above the 'male-breadwinner' and the provision of migrant labour; this was built around principles of 'equal pay for equal work' and 'equal opportunities'. From the 1980s women movements fostered further gender equality reforms, via services aimed to support work/life reconciliation. Although even in Iceland, gender equality was still far from perfect, the country had moved much and close towards an equal society. The progress continues and recently the government had introduced parental leave that encouraged fathers to take an almost equal time to mothers; this was the current, most important challenge, shared by other in the panel.

Enabling people to be active longer

Agnieszka Chłoń-Domińczak underlined that persistent differences in **life-long learning** participation across age groups can also lead to increasing inequality in distribution of human capital, and made it less able to adapt to the labour market's changing requirements. She observed that, in spite of adult education becoming more necessary (in view of ageing and faster changing labour skill requirements), the learning gap between older and younger people has persisted. While young people tend to compensate for their lack of formal qualifications with informal skill acquisition, this is less the case for older workers.

Policies should focus on life-long learning for adults with lower formal qualifications.

In **Italy**, Pietro Checcucci told the audience, there had been a slow change from replacement policies, aiming to replace older workers with large cohorts of younger ones, towards blocking (limit early retirement) and development (older workers and managers jointly improve their employability). Their new 2014-2020 strategy aimed at increasing the Italian manpower by 1.5 million people, as a result of a loss of workers under age 54, compensated by the influx of immigrant workers and an increase in participation of those aged 55 and over. Older workers were more present in larger enterprises and there was a need to focus on their participation in life-long learning. The new strategy also foresaw incentives for hiring older workers, flexible times and working arrangements, and other active labour market measures.

Productivity does not necessarily decrease with age. Thomas Zwick recalled early studies that had introduced the notion of productivity decrease with age. However, while there are still difficulties in estimating productivity, newer studies, based on longitudinal data, pointed to a sustained and continuing productivity into older working ages. In Germany, half of the companies had introduced measures to accommodate for older workers' needs, including reduced working time, training and ensuring that teams have a mix of younger

and older workers. The first two measures had a limited impact because of the older workers' training preferences (less technical, less formal) and used reduced working time as a stepping stone towards retirement. On the other hand, mixed-age work teams appeared to be an effective way of motivating older workers and keeping their productivity high.

Successful inclusion of second-generation migrants

A first factor that was examined was the **specific origin of the migrants**. In Sweden, as Kirk Scott pointed out, this played a role, although across all world origins the socio-economic status of the family and second-generation migrants shared the education difficulties of equal-status natives. In general, however, the second generations have higher chances of reaching an academic level, rather than limiting themselves to vocational degrees. Once leaving education, second generation migrants appear to fare as well on the labour market in Sweden as natives. In consequence, efforts should be directed towards reducing the disparity in school outcomes.

A major benchmark for immigrant integration is not so much the outcomes of immigrants themselves but rather those of their children, and in particular those born and educated in the country where they reside. **Education is the essential area of integration.**

Georges Lemaitre pointed to the concentration of children of non-natives in certain schools. This is crucial, since in Europe low immigrant children education outcomes have been linked to their high concentration; the percentage of migrant children, however, only played a role above a certain threshold. Policies that can be effective, albeit not always politically feasible, are reducing the extent of social segregation via housing policy, school vouchers, bussing, (and all this would need to be implemented for early schooling) and reducing the impact of social segregation by investing more in disadvantaged schools.

As the first generation of migrant was still largely active and the second still largely in education there was a need for an integrated cross-generational approach to social investment. In particular, the **south-EU migration model**, with a large share of less-well educated, less-well paid, high-activity migrants, was showing its limits. Ferruccio Pastore highlighted its low-cost but also low-benefit nature. It was increasingly characterised by native-immigrant competition on 'bad jobs' markets; cheap access to immigrant labour was a disincentive for ever more needed entrepreneurial innovation; and a growing demand for welfare services.

There was a need to reconvert to a more selective and growth-oriented immigration model. In particular, a need for targeted, diversity-friendly active employment policies and for labour market participation of dependent female

immigrants; supporting integration in schools; reinforcing '*jus soli*'; recognizing the 'transnational potential' in labour markets; improving support to youth professional mobility of EU citizens; and reforms to facilitate intra-EU mobility of long-term residents.

Regions in rapid demographic and economic decline and inequalities within regions

Europe has become the oldest world region and in particular the **EU 11**, i.e., the new EU Member States excluding Malta and Cyprus and including forthcoming Croatia, are **ageing very fast**, observed Gallina Andronova Vincelette. Ageing was expected to hinder growth, investment and innovation. In addition, EU11 labour participation was lower than the rest of the EU, in particular among women with lower education levels. It was necessary to both raise education levels and labour participation, especially among older people and including by raising retirement ages.

Birgit Garbe-Emden illustrated the plight of rural regions in the European East, from where many **young adults were leaving** and few returning. Low employment, high unemployment and low per-capita GDP were inextricably linked to regional out-migration. These left a legacy of children and other dependent persons left behind, scarcity of care support, sparse schools with combined-aged classes. Responses were to be developed also within partnerships between immigration and emigration regions in the EU. These should focus on the infrastructure (such as transport and education), as well as human capital and labour market measures that were tailored to the local economy.

In **Bulgaria**, Zornitsa Roussinova explained, ageing was widening the development gap, between rich, industrialised, densely populated regions and the rest, poorer, de-industrialised and sparsely populated. The European Social Fund could play a major role in redressing the imbalances, but only if it focussed on the poorer regions and in the context of a wider national strategy and in an integrated approach with other regional development funds. Its aims should be to increase labour participation, upgrade skills, ensure an easier transition from school to active life, and retain older workers.

Regional population decline hit the news when a decision to demolish excess houses caused national outrage, Marianne Besselink told. There are major practical challenges, such as ensuring access to continuing services even when these need to be reduced; or that housing supply reasonably matches demand. A first step towards acting is awareness and acceptance of a new shrinking reality. This gives rise to local initiatives that can be supported and extended. Often these need to start as or become sustainable even without government support.

Investing in Europe's demographic future - how the SIP will support the drive towards extending Europe's demographic dividend

The demographic perspective is central to the EU's recent policy orientations in the **Social Investment Package**, said. We used to think of demography changes as slow, but [Nick Costello](#) warned that we had come to a conjuncture when changes are actually happening fast. Can we achieve our 2020 targets, e.g., a 75% employment rate for those aged 20-64, in spite of worsening demographics and the ageing of the working-age population? But there are opportunities; we can make better use of new technologies; and we need to make sure that healthy and independent living is a reality and promotes more active lives. Investing in early childhood education and care was central to the new far-sighted approach. It was important to increase the effectiveness and sustainability of Europe's support systems for instance via one-stop-shops; pursue activating and enabling policies, where support is adequate but limited in time; tailor the support to the specific need at the various stages of people's lives.

[John Bohan](#) highlighted the depth and width of the Social Investment Package. It was important for Member States to have adequate budget tools. The main challenge now was its **implementation**, which would consist of on national reforms, with the help of structural funds, supported by identifying good practices and support in exploring innovative solutions. Reorienting exiting programmes could be sufficient in some cases, although there was also a need for a Social Investment programme. Linking separate programmes is a way to build synergies. Social innovation played an important role, including ways of assessing programme benefits. And we should not forget that we can learn from other Member States.

Minister Beermann recalled the recent history of his region, Saxony, and how it had managed to face its demographic challenges through sustained investment focussing on education and training. While in the early 1990s the region was characterised by low fertility and high out-migration, now Dresden had become the city in Germany with highest fertility and young adults were returning to Saxony. Still, the region was paying the consequences of the difficult adaptation in the 1990s. Rural regions in Germany and elsewhere were undergoing rapid ageing and population loss; this undermined cohesion within the Union. There was a need to preserve social services for those in need and maintain production; young well-educated people should be encouraged not to leave and policies could be successful. To bring this forward the Social Investment Package was a suitable framework.

Conclusions

The many Forum participants joined in the debate and highlighted their concern for demographic change and its relations to several policy areas, debating problems and solutions.

Promoting fair and intergenerational societies and ensuring well-being, autonomy and activity for people of all ages requires a long-term comprehensive approach. This approach must combine economic, employment and social measures supported by adequate policies in the fields of the labour market, lifelong learning, the working environment, health and safety at work and social protection reform.

The Social Investment Package puts forward a comprehensive strategy to promote social investment throughout life, and a focus on preventive measures that enable people to participate actively to the best of their abilities in society and economy. In view of demographic change, it is essential that Europe makes the most out of its valuable human capital. As some of the examples above have shown, by investing wisely on people it is possible to turn difficult situations around and put our society onto a sustainable path.

In the next years we will get to know how successfully the good policies and practices highlighted during this Forum will have been adopted and implemented elsewhere, and if building on demographic awareness we will have moved closer to the Europe 2020 targets of improving skills, raising labour participation and reducing poverty.