

Green Paper

**"Confronting
demographic change:
a new solidarity between
the generations"**

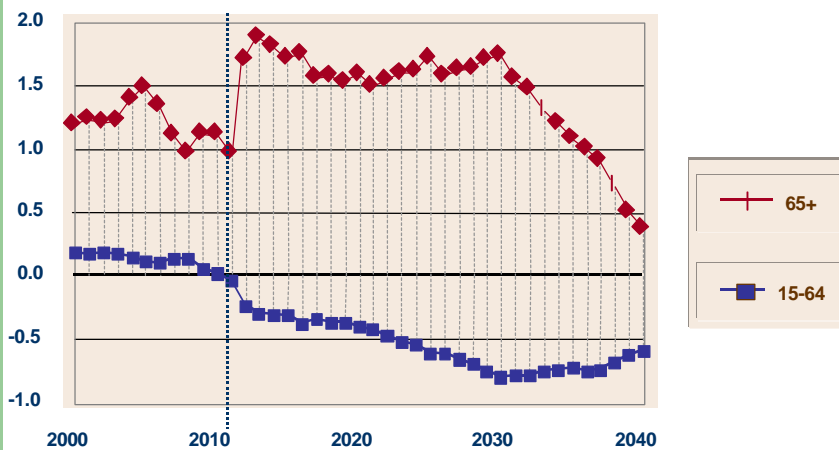
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Why a Green Book on Demographic Ageing?

- Just 6 years away from 2011,
the year at which Europe's working age
population will start to decline.

Time is getting short.

Annual rate of growth of population aged 65+ and 15-65, EU25, period 2000-2040



Why a Green Book on Demographic Ageing?

- So far, under Lisbon policies focussed on the *inertia* of demographics that is on how to adjust to the ageing workforce and not on how one could influence population *dynamics*.
- Projection results after 2030 are not given, but can be influenced by migration and fertility.

Why a Green Book on Demographic Ageing?

- The successful implementation of new policies does not only depend on the quality of policies themselves. It requires the support of the European Society and therefore a *broader debate with the numerous stakeholders and the citizens of Europe* is needed to build a wide partnership for the necessary changes in mentality and attitudes.

The Content of the Green Paper

- The Green paper introduces a new common unifying policy concept by stressing the importance of

intergenerational balance

- it opens the debate between policy makers and other stake-holders across Europe about the policy action needed to face the demographic challenge.

The Content of the Green Paper

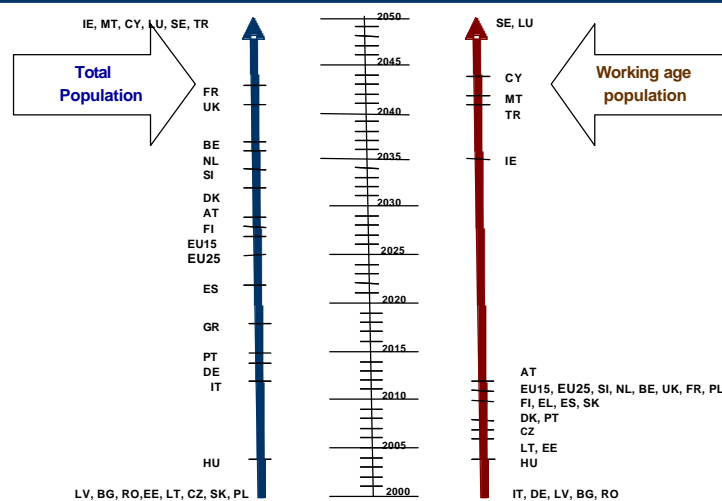
The Green Paper presents:

- Key facts and figures indicating the challenges emanating from future demographic trends in Europe based on the latest 2004 population projection of Eurostat.
- A brief analysis of the societal changes and the need for creating a new solidarity among the generations by:
 - Better integrating the young in education and employment;
 - Developing life-cycle strategies for family, education and work;
 - Offering a new place to the elderly in our economy and society
 - Promoting solidarity with the frail very old.
- Questions about the potential role and expected contribution from the European Union in order to face these challenges.

Some key facts:

Ageing patterns across the Union

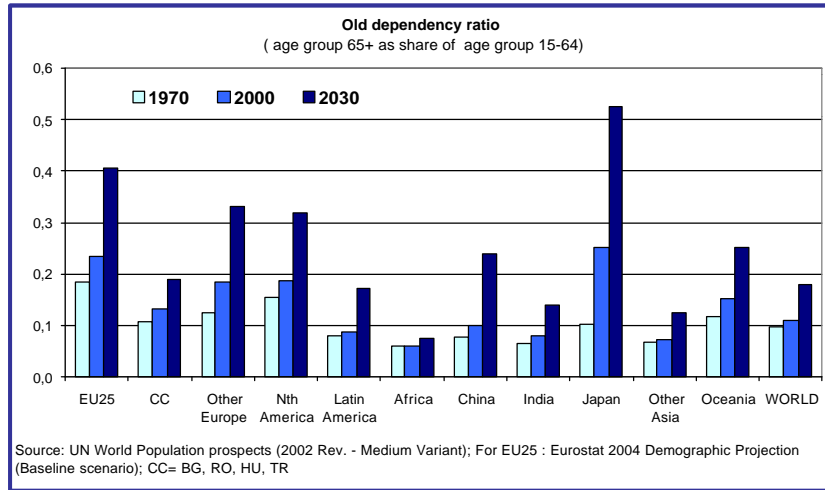
When total population and working population, is expected to stop growing/start declining



Source: Eurostat 2004, Dem. Projection (Baseline scenario). For Croatia (HR) and Turkey (TR): UN WBP (2002 Rev.)

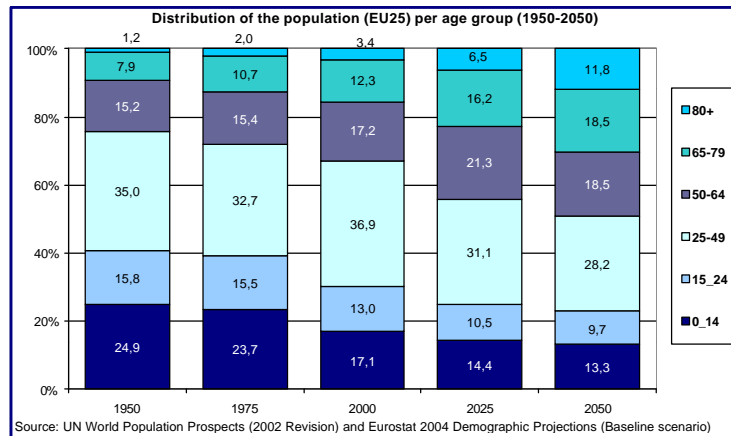
Some key facts:

The EU in the World: Trends in Old Age Dependency ratio



Some key facts:

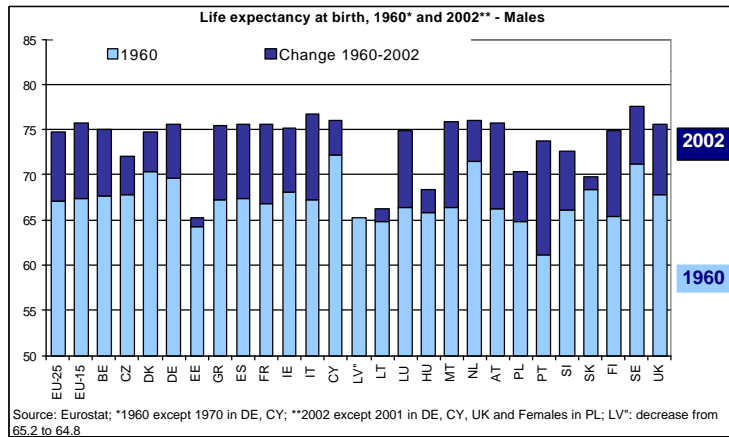
The ageing of the European population



Some key facts:

Trends in life expectancy at birth

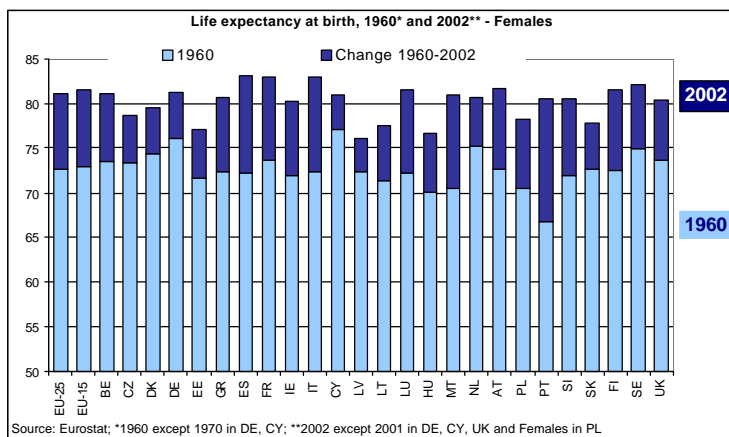
Males



Some key facts:

Trends in life expectancy at birth

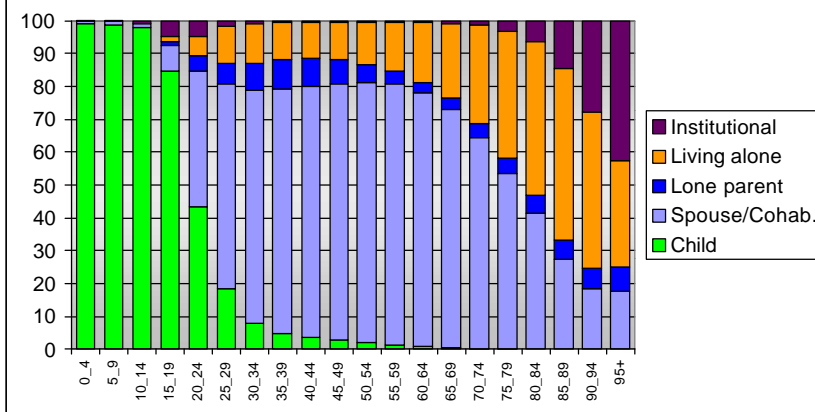
Females



Growing problem of long-term care for the very old (ex. UK)

Distribution of the population per age and household type

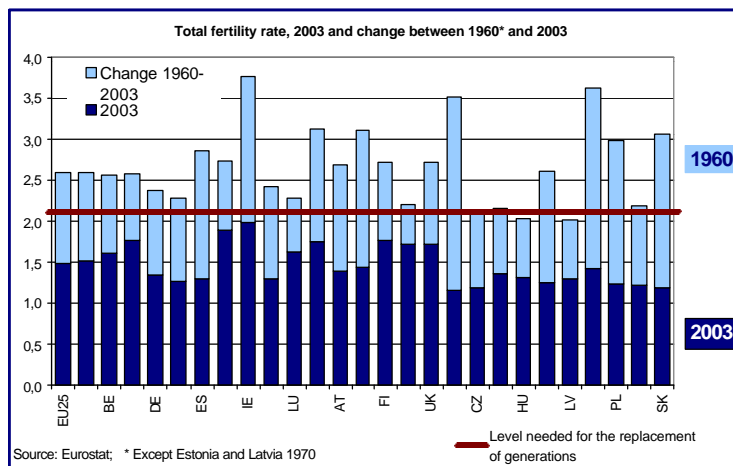
UK



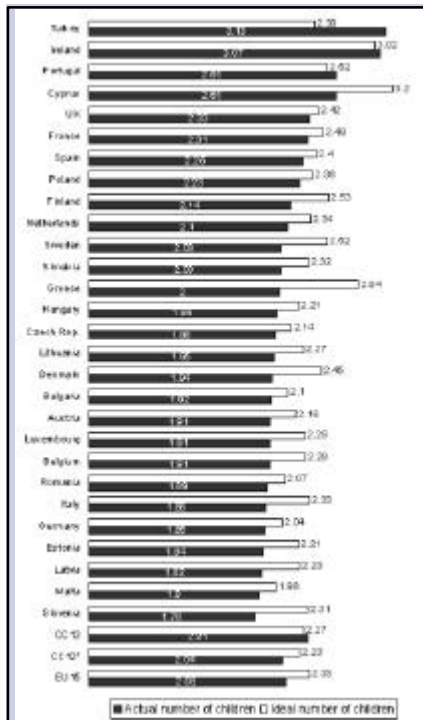
Source: Eurostat Demographic Statistics (2001 Census Round)

Some key facts:

Most recent trends in Fertility



Source: Eurostat, * Except Estonia and Latvia 1970



Actual versus ideal number of children
among women with completed fertility (ages 40-64)
Eurobarometer 56.2 (2002)

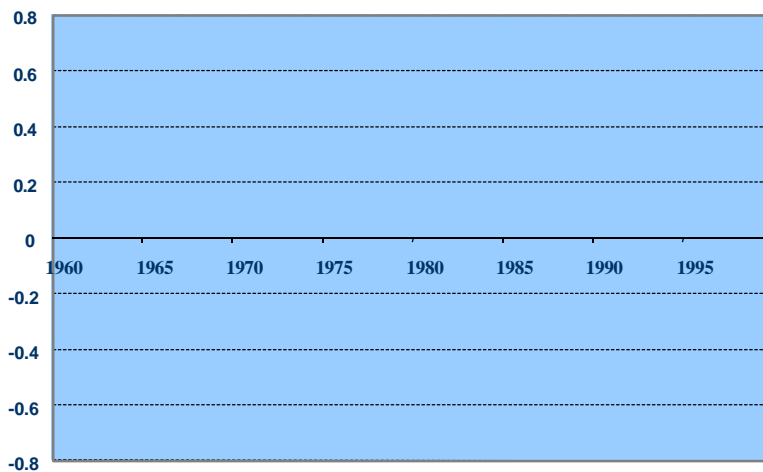
- The two-child norm is still the dominant fertility ideal among Europeans.
- Fertility preferences tend to be higher in the older age classes
- Fertility preferences are slightly higher among women as compared to men.

EU15
Actual number of children=2.08
Ideal number of children= 2.33

NMS+BG+RO
Actual number of children=2.04
Ideal number of children= 2.27

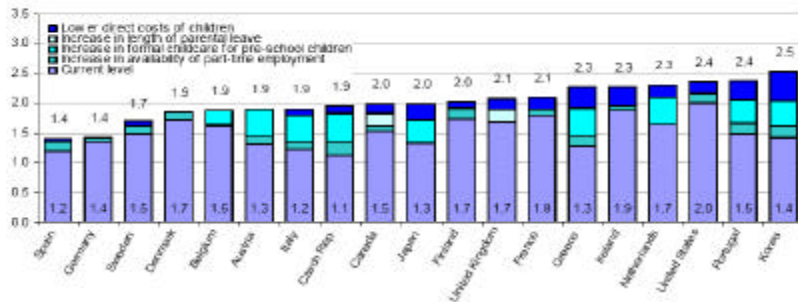
Fertility Rate and Female participation in the Labour Force

- Cross-country correlation between Total Fertility Rate and Female Labour Force Participation Rate for 21 OECD countries, 1960-2000

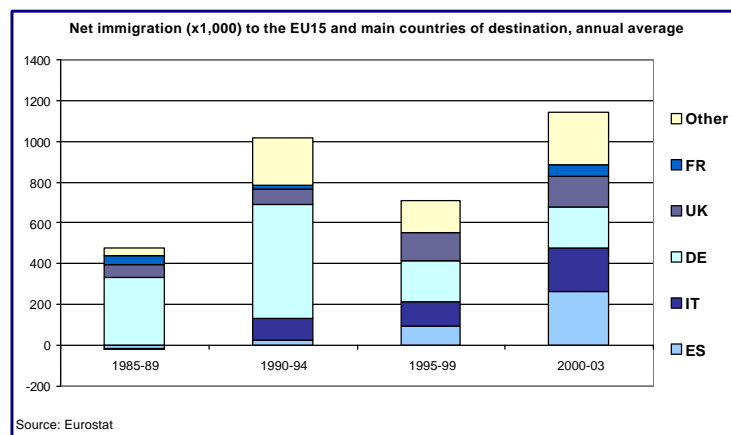


Fertility rates respond to policy (OECD 2005, D'Addio&D'Ercolo)

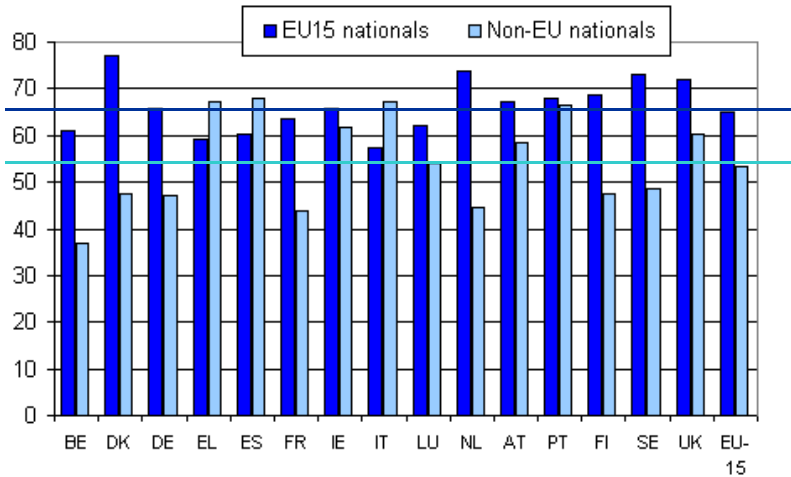
Figure 28. Potential impact of various policy reforms on total fertility rates



Trends in net migration



Employment rate of EU-15 and non-EU nationals in 2004 (% of employed in the working age population)



Policy initiatives needed in the European Union to cope with ageing

- more gender equality both at work and at home
- promote flexible retirement and active ageing
- take away barriers that constrain fertility
- by better reconciling family care and paid work
- achieve a more optimal time use over the life cycle
- manage migration and improve integration
- build better bridges between the various new stages in life
- create a more equitable balance between the interests of the generations

What should the European Union's role be?

Main policy questions raised in the GP

- Should the European Union be promoting exchanges and regular analysis of demographic change and its impact on societies and policies concerned?
- Should the Union's financial instruments – particularly the Structural Funds – take better account of these changes? And if so, how?
- How could the existing European coordination of employment and social protection policies better take on board demographic change?
- How can European social dialogue contribute to a better management of demographic change? How can Civil Society and Civil Dialogue bring young and old people together?
- How can demographic change be made an integral part of all the Union's internal and external policies?

A variety of EU policies to help anticipate demographic change

- **European Employment Strategy and Education and Vocational Training Policy:** Combating school drop-out, raising the level of young people's initial training, promoting "active ageing", raising of the average retirement age and improving the quality of jobs. Nevertheless, the Union is still far from achieving its Lisbon objectives.
- **EU cooperation for the modernisation of social protection:** The common objectives for the reform of pension schemes, adopted in 2001, call for the solidarity between the generations to be preserved and for a balance between retired and working people. The European Strategy on Social Inclusion has set objectives for tackling child and family poverty.
- **Gender mainstreaming policies:** Promoting equality between men and women, developing child care structures and concluding agreements on parental leave and part-time working have been implemented by way of directives.
- **Combating discrimination:** Since 2000, a legislative framework has covered all discrimination in employment, including age and handicap, and has promoted diversity.
- A common approach to **Immigration Policy** including economic immigration has been developing for several years, see the Green Paper of last year.
- The **Social Fund and the European Regional Development Fund** are tools to support the Employment Strategy and promote the development of child care and better "age management" in companies.

Follow up to the Green Paper

- Open **public consultation** on GP issues running until **October 15**, of this year, please use the electronic form:
http://europa.eu.int/comm/employment_social/news/2005/mar/demog_gp_en.html
- On July 11-12, Commissioner Spidla invited a full array of relevant stakeholders, to participate in a large **international conference** at ministerial level in Brussels. For the proceedings see the conference website:

http://europa.eu.int/comm/employment_social/events/2005/demographic_change/ind_ex_en.html
- End of 2005 a **Synthesis** of all contributions. Beginning of 2006 we will issue a **Communication** taking stock of the contributions received and of the findings from a number of analytical impact studies presently under way. The Commission will also set out suggestions for new policy initiatives at European level.
- In the middle of 2006 we plan a **second major European Conference**, this to review best practice, to present the results of the 8 studies and the outcome of a new **Eurobarometer survey** on popular attitudes to ageing

The Walter Studies: the impact of ageing on policies

Studies that are in progress, to be completed in November:

- ETLA: methods and use of demographic projections
- Alphametrics: future labour market bottle-necks
- Empirica: the potential of ICT to ease ageing
- CESEP: health care and prevention
- Vienna Academy: future of productivity

Studies currently tendered, September 2006:

- private savings and public consumption
- external trade, migration and development aid
- impact of population growth on economic growth

The Structural Funds and Ageing

period 2000-2006

- mainstream ESF: reintegration of older unemployed plus employability older workers plus measures to reconcile family and work
- EQUAL trans national laboratory for innovative projects
- ERDF can support the building of crèches, schools and hospitals

period 2007-2013

- Obj 1 convergence + Obj 2 regional competitiveness and employment, exact budgets is pending agreement on the multi-annual budget agreement
- More flexibility and simplicity (mono fund, no differences in eligibility etc)
- New ESF/ERDF eligibility conditions mention explicitly demographic changes that have resulted in a shrinking and ageing workforce.
- EQUAL is mainstreamed within the ESF
- But still no possibility for ERDF to fund areas such as social housing