

Policy Snapshot

Policy-relevant findings from selected EU research projects

Issue 2 | September 2012

EU policy priority Inclusive Growth

Research focus Demography and Ageing

Featured projects

ASPA, MULTILINKS, REPRO

Summary

This Policy Snapshot highlights Europe's demographic policy concerns in relation to findings from three EU-funded research projects on demography and ageing. The document features policy-relevant recommendations concerning active ageing, fertility sustainment and extended working life. Europe 2020 policy priorities are foregrounded. All research findings are drawn from projects in the Socio-economic Sciences and Humanities (SSH) theme of the European Commission's Seventh Framework Programme for Research (FP7).



Policy Context

The Demographic Challenge

We all know that Europe's population is ageing. Falling fertility rates and increased life expectancy have become familiar trends. Most of us are also aware that - left unchecked - an ageing population could seriously strain our health care and pension systems. As the labour pool shrinks, business investment is likely to drop and the tax base could be eroded. Awareness of these looming risks, however, has so far failed to produce a robust policy response. Little progress has been made in addressing the far-reaching implications of our demographic shift.

However, 2012 could be a turning point. For this is the year when demographers have predicted that the European Union's working age population will actually begin to shrink. And, perhaps not coincidentally, this is the year when Europe's demographic challenge has moved toward the centre of the EU's policy agenda.

To comprehend the scale of this policy challenge, consider the following projections from the June 2012 edition of the European Commission's Social Europe guide:

During the next three decades or so Europe's working age population (age 15-64) is expected to shrink at the rate of between 1 and 1.5 million per year. At the same time, the number of people aged 60 and above is expected to increase at the rate of about 2 million per year.

By the middle of this century there are expected to be 48 million fewer people aged 15-64 than there are now in the EU. Meanwhile, there are expected to be 58 million more people aged 65 and over.

'This', the Commission observes, 'will transform the balance of the population between older and younger people to an extent that is without precedent.'

Further insights into Europe's demographic challenge are revealed in the European Commission's 2012 Ageing Report (released in May). Looking ahead to the year 2060, the report informs us that current projections point to 'a doubling of the old-age dependency ratio in the EU.' That means that instead of having four working-age people for every person aged 65 and over (as now), in 2060 there would be only two.

How this unprecedented demographic shift will affect our society is anybody's guess. But if Europe were to continue with business as usual, there is good reason to suspect that our overall quality of life would steadily decline.

The EU's 2012 Ageing Report tells us that 'in the absence of further reforms', there will be 'no counter-balancing effect to ageing'. Consequently, as of 2022, both the working-age population and the number of persons employed can be expected to 'enter a downward trajectory'.

Extrapolating from available data, one could plausibly sketch out a scenario of capital flight and crumbling infrastructure accompanied by rising poverty. That, obviously, is not a desirable future for Europe. Hence, the EU is actively developing measures aimed at mitigating the negative effects of demographic ageing.

Europe 2020: The Inclusive Quest

To date, efforts to deal with Europe's demographic challenge have been somewhat tentative. This is due to familiar factors such as data ambiguity, Member State heterogeneity and concerns about the political viability of policy options. While these factors continue to shape the discussion, the EU is now demonstrating greater resolve in tackling the demographic challenge. That resolve is manifested in the Europe 2020 strategy:

Europe 2020 targets related to demographic ageing	
for the year 2020	
Ensure employment for 75 % of 20-64 year olds	
(Achievable only if a higher proportion of the population remains employed until a later age.)	
Lift at least 20 million people out of poverty and social exclusion	
(An ageing demographic increases risk of both.)	

Coping with demographic change constitutes a grand societal challenge, requiring optimal utilisation of everyone's abilities across the demographic spectrum. Consequently, demographic ageing is regarded as a cross-cutting issue that embraces all three of the Europe 2020 priorities: smart growth, sustainable growth and (above all) inclusive growth.

Targeted Policy Initiatives

► European Innovation Partnership on Active and Healthy Ageing

In connection with Europe 2020, the European Commission is launching a series of European Innovation Partnerships (EIPs), the very first of which is dedicated to Active and Healthy Ageing:

Main target of The European Innovation Partnership on Active and Health Ageing

for the year 2020

Increase by two years the average healthy lifespan of EU citizens

Like other EIPs to follow, the initiative on active and healthy ageing is aimed at leveraging existing resources by fostering effective partnerships between all relevant stakeholders. This particular EIP seeks to promote uptake of innovative solutions related to active and healthy ageing. Integrated care and independent living are among its priorities.

► The European Year for Active Ageing and Solidarity Between Generations



European Year for **Active Ageing**
and **Solidarity between Generations 2012**



Another noteworthy initiative reflecting the EU's policy focus on demographic change is The European Year for Active Ageing and Solidarity Between Generations (2012). Now in full swing, this initiative provides a framework for promoting the active ageing cause, raising general awareness and sharing good practice examples. Activities focus on three critical areas: employment, independent living and intergenerational solidarity.

Policy-relevant Research Results

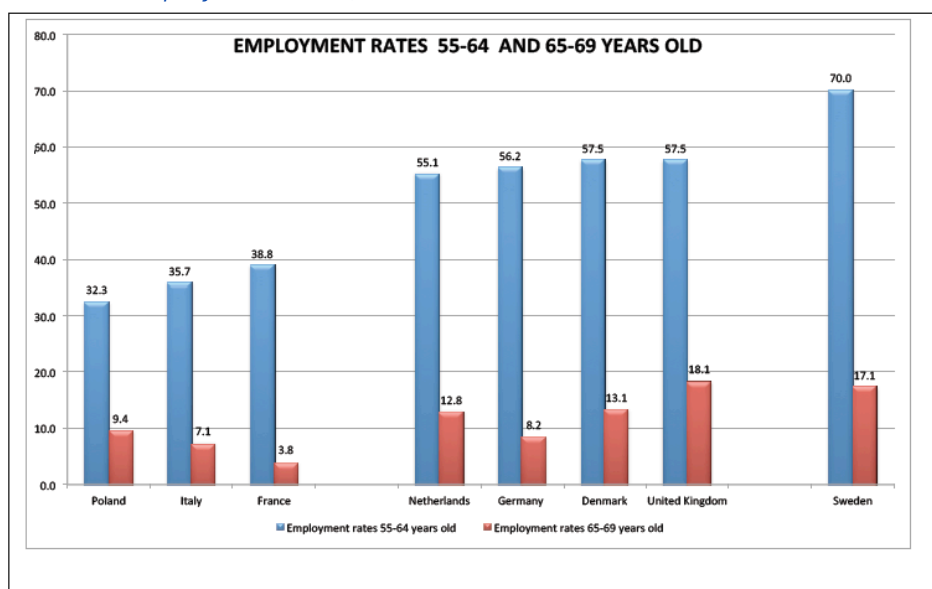
From selected SSH projects on demography and ageing

► ASPA - Activating Senior Potential in Ageing Europe

The ASPA project illuminates the connection between active ageing and labour market policies. Policy recommendations based on good practice are provided.

Comparing labour market data in eight European countries (Denmark, France, Germany, Italy, The Netherlands, Poland, Sweden and the UK - e.g. Table 1) the researchers identify policies that have proven effective in promoting active ageing. Good practice examples are drawn from Sweden, Denmark, Finland and the Netherlands.

Table 1: Employment rates, 2009



Source: ASPA, based on Eurostat (2011)

The following policies are found to support the active-ageing goal:

Measures that promote active ageing

- Provide career prospects and employment opportunities to all age-groups with special attention to horizontal mobility.
- Develop job training programmes related to career prospects, focusing on wage-earners over the age of 40 as necessary. Lifelong learning is the key.
- Improve working conditions as well as health and safety at the workplace in order to make a longer working life sustainable.
- Redesign the organisation of work to boost cooperation between age groups at the workplace and favour the transfer of skills and experience between younger and older wage earners.

ASPA's findings suggest that these measures are most successful when implemented with strong educational efforts directed toward all parties. The researchers add that 'actions with incentives have proven more effective than coercive ones'.

On the crucial subject of age management, the project finds that organisational perceptions and behaviour play a central role in extending working lives. In their 'Integrated Final Report on Organisation Case Studies and Good Practices in Age-Management', the

researchers note that: 'Whether older workers might be able to stay in working life longer or not is primarily determined within organisations. In this context the arrangement of adequate workplaces that meet the needs of older workers is of particular importance (for example, in terms of workload, working time, work environment, and job design).'

Observing that age management still has a 'low profile' in many European countries, the ASPA consortium insists that stronger involvement of social partners is a 'pre-condition for the success of further EU and national policies on active ageing'. In this same vein, ASPA stresses the need for a comprehensive policy approach, one that can 'break free of a shortsighted view that sees pension reform as the major response to demographic ageing'.

Finally, the researchers caution against tendencies to downplay the importance of age management, which is especially tempting when youth unemployment is at very high levels. They remind us that 'it is in the interests of all workers in the long term to ensure that organisational mechanisms exist that sustain productive working lives beyond their current horizons'.

► **REPRO - Reproductive decision-making in a macro-micro perspective**

The REPRO project investigated fertility decision-making. Policies that improve women's opportunities to reconcile work and family life are found to be 'the most effective measure for sustaining fertility levels'.

REPRO offers recommendations drawn from a summary of studies representing what the researchers describe as 'arguably the most comprehensive view on contemporary reproductive decision-making in Europe to date'.

The project yields two main messages about the fertility component in Europe's demographic profile. First, it verifies the fact that there is a gap between intended and realised family size. And second, it confirms that 'facilitating an easy combination of parenthood and work life is a key to achieving higher fertility rates'.

REPRO observes that policies supporting working mothers face stiff normative resistance in some countries. Confronting that normative challenge is regarded as a long-term project, one that is reflected in the project's recommendations:

Steps to help sustain fertility levels in Europe
• Show that it is actually feasible to combine motherhood and gainful employment.
• Improve the coverage and quality of existing childcare.
• Provide convincing evidence that childcare is not harmful for children.
• Strengthen fathers' involvement in childcare.
• Implement gender equality measures that increase women's possibilities to make their own decisions.
• Tailor policies to a country's specific needs.

While acknowledging that 'recent increases in period fertility rates have alleviated some of the fears of extreme low fertility and de-

population in many parts of Europe', REPRO reminds us that this does not apply to all Member States. The main sources of cross-country variation, the researchers observe, are the 'level of support provided to parents with children under three and the extent to which parental leave entitlements and childcare services complement each other'. Also, the project emphasises the importance of sustaining policies over time, noting that 'this stability makes individuals' lives more predictable and gives an important anchor to couples in realising their fertility intentions'.

► **MULTILINKS - How demographic changes shape intergenerational solidarity, well-being, and social integration: A multilinks framework**

The MULTILINKS project explored generational interdependencies. Analysing representative data sources (e.g. the European Social Survey), the project advocates a policy approach that considers early and late stages of family development jointly.

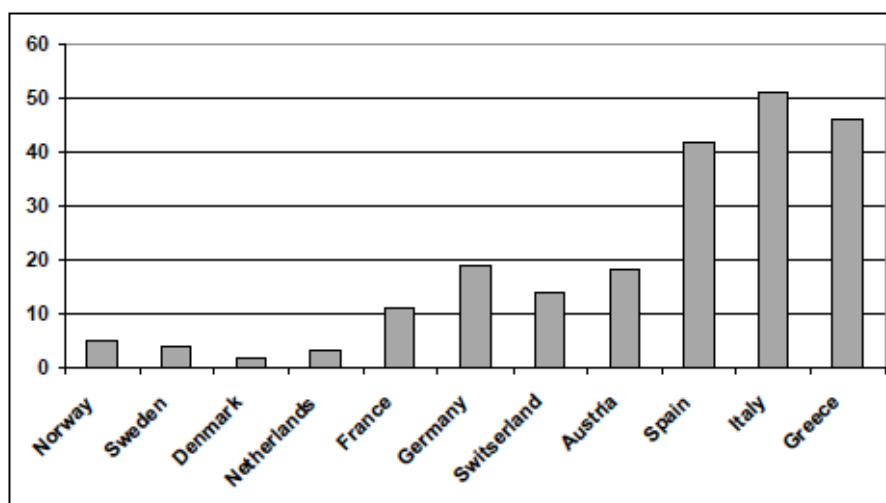
Providing orientation for policymakers dealing with intergenerational solidarity, MULTILINKS finds that the notion of intergenerational solidarity is conceived too often in terms of the young caring for the old. Policies need to take into account the fact that 'older adults provide care to their children and grandchildren up to advanced ages', the researchers argue.

MULTILINKS underscores the broader significance of older adults providing childcare services, suggesting this also has implications for policies on active ageing. Such policies should not focus exclusively on getting older persons involved in volunteer work and the labour force, the consortium argues. Instead, active ageing policies should recognise the contribution older persons make in providing care for their children and grandchildren (a service that also helps facilitate accommodation of young parents in the labour market).

MULTILINKS found huge variation across countries with respect to intergenerational behaviour. This applies both to longer-term parent-child co-residence patterns (highly pronounced in Italy, Ireland and parts of Poland and Spain) and childcare services provided by grandparents (table 2).

Drawing attention to an important but frequently ignored aspect of Europe's demographic challenge, MULTILINKS notes that age segregation has become institutionalised in our society: 'There are few contexts

Table 2: Percentage of grandparents caring for grandchildren on a daily basis



Source: MULTILINKS/ Herlofson, Hagestad, Slagsvold, & Sørensen, (2011), based on SHARE

where young and old meet and engage in activities together', the researchers observe.

Alongside the many insights it provides into intergenerational issues, MULTILINKS yielded important observations regarding the extension of working life. The policy suggestions opposite are taken from the project's final policy conference report:

Suggestions for extending working life

- Make retirement age flexible
- Award prizes to organisations that succeed in retaining older workers
- Provide jobs that match the skills and interests of older workers
- Base entitlement to pension on work record instead of retirement age
- Accommodate job rotation to avoid burn-out

SSH research projects highlighted in this snapshot

The following research projects provided key content for this document. All of these projects were developed within the European Commission's Seventh Framework Programme for Research and Technological Development (FP7) under the theme Socio-economic Sciences and Humanities.

Project	Title	Start Date	End Date	Website
ASPA	Activating senior potential in ageing Europe	01.02.2008	31.01.2011	www.aspa-eu.com
MULTILINKS	How demographic changes shape intergenerational solidarity, well-being, and social integration: a multilinks framework	01.03.2008	28.02.2011	www.multilinks-project.eu
REPRO	Reproductive decision-making in a macro-micro perspective	01.02.2008	31.01.2011	www.repro-project.org

Related FP7 research projects

Project	Title	Start Date	End Date	Website
DEMHOW	Demographic change and housing wealth	01.03.2008	30.11.2010	www.demhow.bham.ac.uk
FAMILY PLATFORM	Social platform on research for families and family policies	01.10.2009	31.03.2011	www.familyplatform.eu
LEPAS	Long-run economic perspectives of an ageing society	01.04.2009	31.03.2012	www.lepas-fp7.de

About FLASH-IT

FLASH-IT is a European Union dissemination project offering enhanced access to research findings in Socio-economic Sciences and Humanities (SSH).

Part of a broader effort to consolidate knowledge resources within the European Research Area, FLASH-IT aims to help bridge the communications gap between Europe's research and policymaking communities.

Using a custom-built IT interface, FLASH-IT provides consolidated results from EU-funded SSH research projects that are thematically linked to the Europe 2020 priorities of smart growth, sustainable growth, inclusive growth and economic governance.

FLASH-IT focuses on five distinctive yet mutually reinforcing priorities, corresponding to those of the Europe 2020 strategy for smart, sustainable and inclusive growth and to the societal challenges addressed by Europe's 'Horizon 2020' research programme.



FLASH-IT strives to accommodate the interests of a broad range of stakeholders – public bodies, researchers, corporations and civil society organisations – and is particularly geared toward serving the needs of evidence-based policymaking initiatives.

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