

Round Table – Demography: Adjusting Family, Education and Employment Policies to the new demographic pyramid

Chairwoman:

- Gabriela Vukovich (President of the Hungarian Statistical Office, Chairwoman of the “European Demographic Challenge: Immigration and Family Policies” Working Group)

Panelists:

- Francesco Billari (Bocconi University, Milan)
- Zsolt Speder (Demographic Research Institute, Budapest)
- Raymond Gradus (Director of the CDA Research Institute, The Hague)
- Gilles Dryancour (Director Government Affairs “Europe, Africa, Middle East”, John Deere)
- José Albino Silva Peneda (former Member of the EPP Group in the European Parliament)

Rapporteur:

- Sara Pini (Nouvelle Europe)

The debate was introduced by Ms Vukovich, who outlined the **main trends** concerning European population, stressing the fact that these are long term issues, with roots in the past and outcomes in a far future, not directly related to the crisis, even if they are exacerbated by the current situation.

Low fertility rates and the increase of life expectancy are the main causes of an ageing and declining population, which will make the old age dependency ratio¹ double by 2060. European population as a whole will start declining only around 2040 but there are important differences among Member States. In many of them the only source of growth is immigration and natural growth will soon fade out even in the few States where it is observed.

As stressed by Mr Billari, the decline in birth rates is linked to the fact that Europeans become an adult later : studies last longer and young people leave their parents’ house later, especially in southern countries, thus interverting the trend that had been going on for some decades. As a consequence, family formation is also delayed: Europeans marry and have children later. The relation between fertility and well-being has also changed, as fertility is higher in countries with a higher human development index².

But what is more important is that in most countries people can’t achieve their planned family sized. As pointed out by Ms Vukovich and Mr Spéder, it is not a question of influencing individual intentions but of helping individuals and families achieve their life goals and having children is a legitimate one.

¹ The ratio between people aged 65 and more and those between 15 and 64 years old, which roughly correspond to the ratio between the retired and active population.

² In fact, studies have demonstrated that fertility declines until a certain level of development and then it starts rising again.

Governments have thus to understand factors hampering and stimulating this realization. Currently, most **policies** are just meant to adapt existing services or circumstances to the population trends : pension systems reforms, attractive immigration policies, active ageing policies, health policies...These are effective in the short term but what we really need, according to Ms Vukovich, are enabling policies that lift barriers which prevent families from fulfilling their family plans.

All speakers agreed on the importance of actions aimed at reconciling work and family life and granting a greater income and job security, of accessible and affordable child care facilities and housing, of the promotion of parental leaves and more largely of family friendly work places and social environment. Mr Peneda pushed forward a set of more detailed propositions, such as promoting part-time, flexible hours and working from home, wage equality, financial incentives (regular or lump sum payments, credits, free goods and services for people with children) but also educational measures promoting equality between men and women and a positive social attitude towards children and parenting.

Mr Dryancour had quite a different approach to the subject, focusing on how to reconcile the European social model, based on public pension schemes, heavy subsidized health systems and social benefits, with an ageing population and a weak growth. According to him, our social models have already died in the 90s, when the rise in social expenditures became stronger than the economy's growth, which was not sustainable in the long term. The real problem is not that there are more beneficiaries than contributors but that we are jeopardising the future of the next generation by compromising growth. For the Left, the answer is to raise taxes to save the system, but we actually need to reform the system in order to have more growth and thus save the individuals. Mr Dryancour notably proposes to transfer a part of social costs to a social VAT, to flexibilize the system, introducing more market and more capitalisation, and to simplify social benefits and link them to growth.

Finally, Mr Gradus exposed the particular experience of Netherlands, where the new government is already acting against the demographic challenge by introducing a pension reform. All European countries will experience an important increase in public expenditure over long-time care but this will affect more countries such the Netherlands than the southern Member States, that have a much more developed informal sector.

The debate thus revealed the **twofold nature of this problem**, as public policies can tackle the two terms of the equation: they can either change the ageing trend by enabling people to have as many children as they want or adapt our social, health and pension system to the demographic data. An alternative would be to introduce a third element, immigration, but our speakers disagreed on its usefulness as a solution to replace smaller birth cohorts. At the end the question that we will have to answer before planning any future policies is: what's the more sustainable solution? Having a child is certainly a right, but promoting pro-birth policies in order to increase fertility and stop the ageing of European population is really a long-term solution? Aren't we just postponing the problem, leaving it to the next generation, that will on top of that face the problem of limited resources in an overcrowded Earth?