



ESDE 2017 CONFERENCE
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#ESDE2017

INTERGENERATIONAL FAIRNESS

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Employment and
Social Developments
in Europe

Annual Review 2017



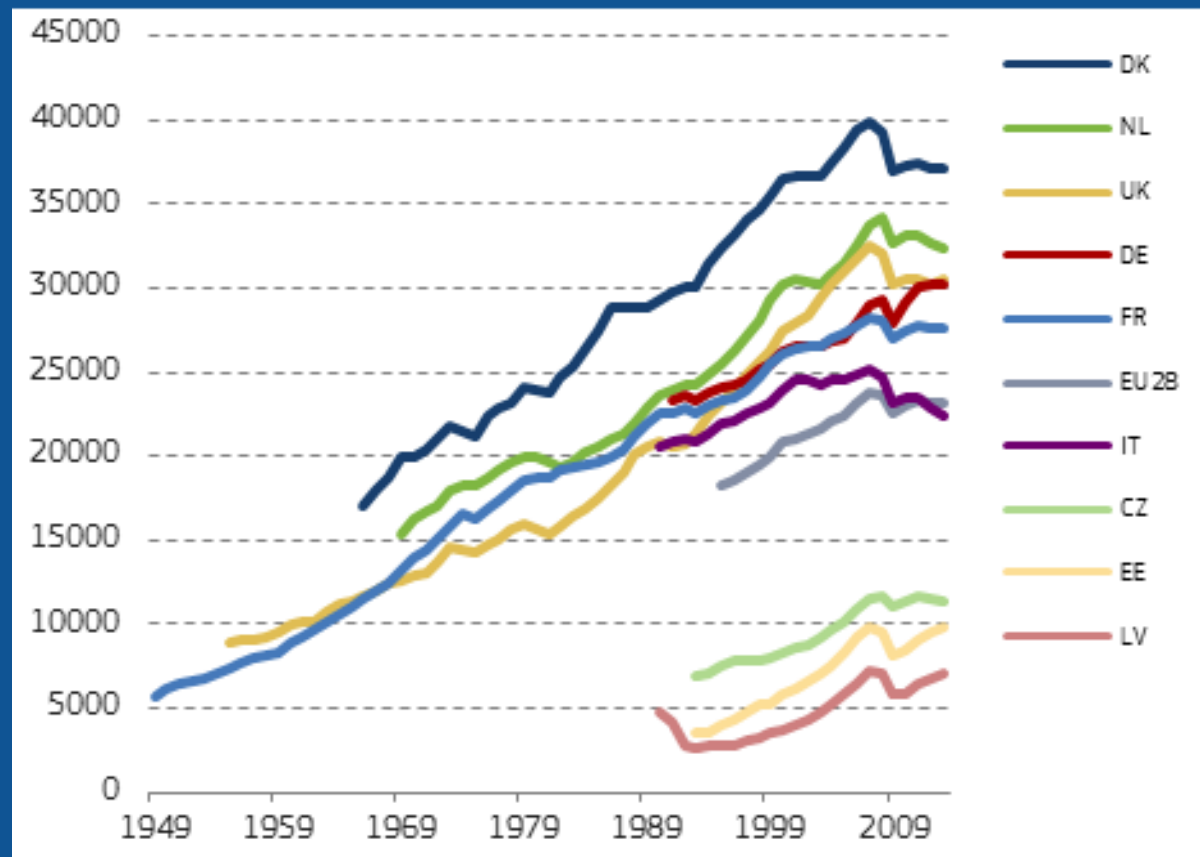
Social Europe

Why intergenerational fairness?

Living standards keep rising since generations.

Can we take that for granted?

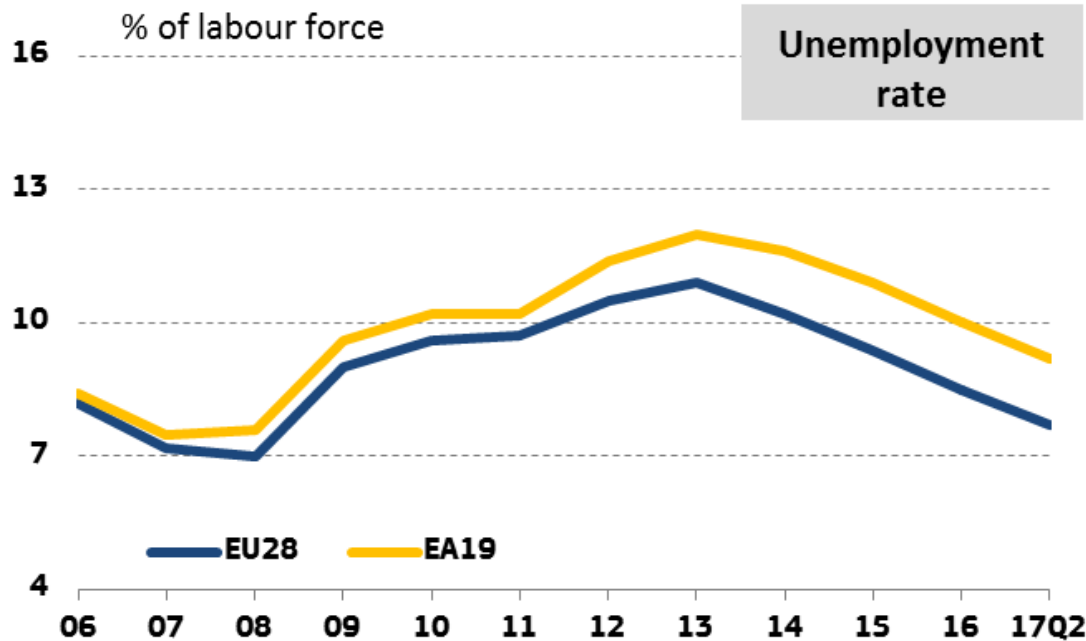
Real GDP per capita, 2005 prices, since 1949



The story of ESDE 2017

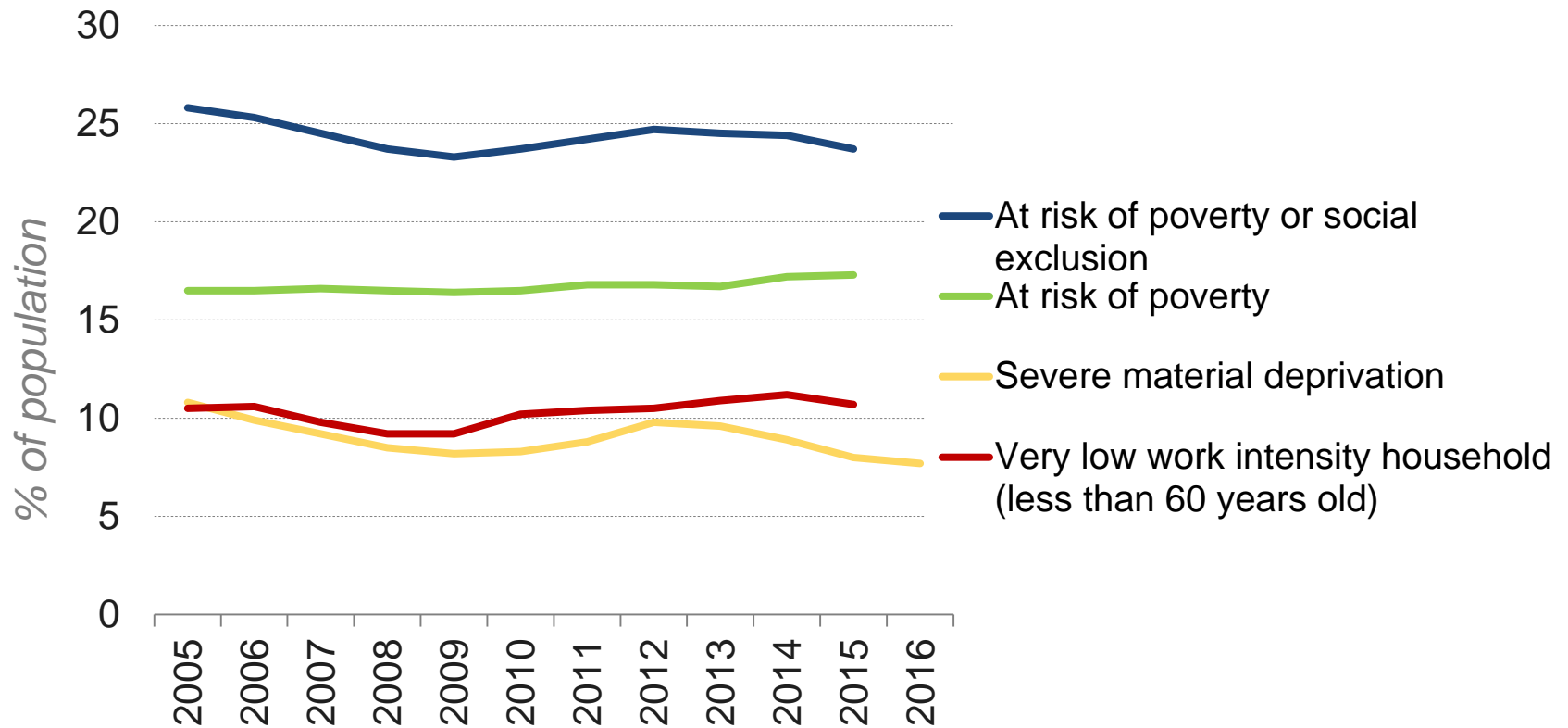
- *Recovery continues, social situation slowly improving*
- *Labour market disadvantages of today's younger people*
- *Impact of demographic change on labour force; younger people contribute more to pension system/receiving less*
- *Multipronged strategy needed to improve labour market participation, productivity and intergenerational fairness*
- *Social dialogue can play an important role in promoting intergenerational fairness.*

Unemployment continues decreasing



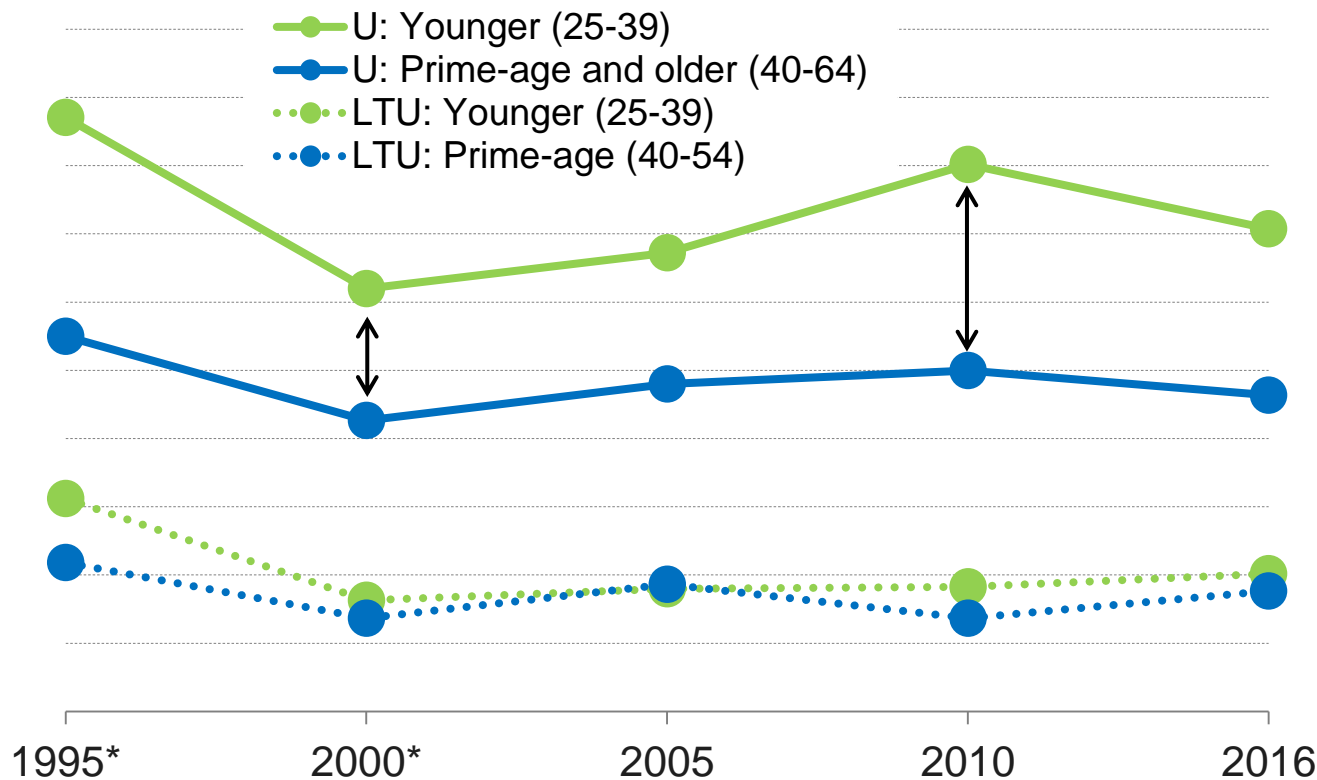
- *UR is decreasing fast in the EU*
- *Long-term unemployment is decreasing faster than short-term unemployment*

The social situation is stabilising and slightly improving



Generational difference in labour market outcomes

Unemployment and long-term unemployment rate, by age groups, 1995-2000 (EU-15) and 2005-2016 (EU-28)



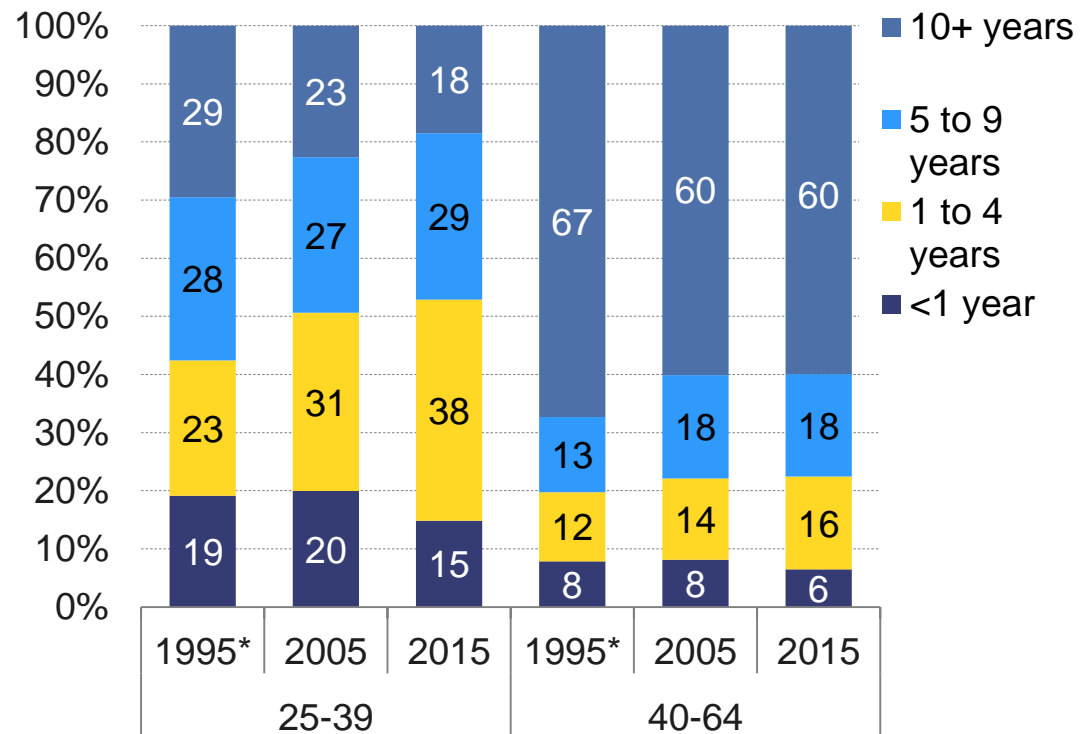
After some convergence, **unemployment gap** between younger and older people increased during the crisis

More fragmented working careers for younger people

Younger workers (25-39) are more exposed to:

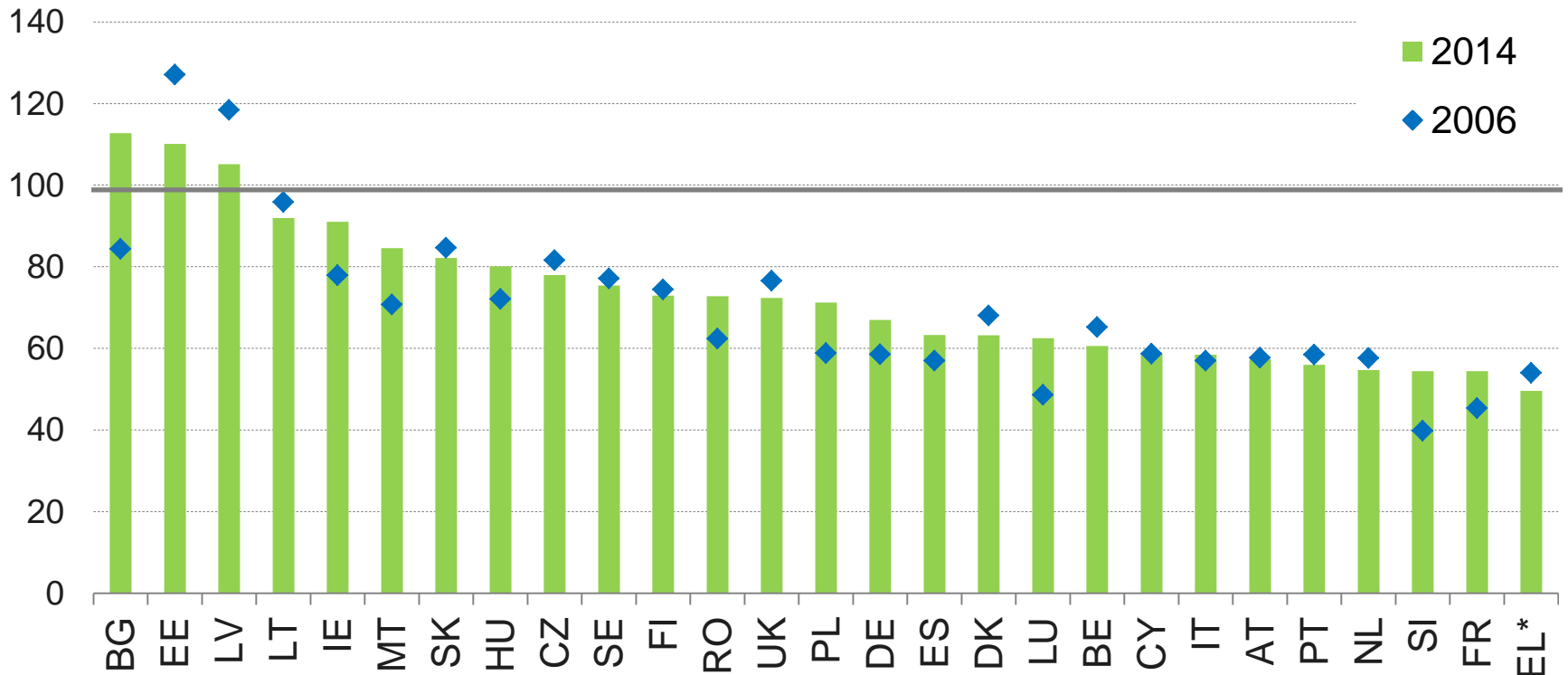
- *Lower job tenure*
- *Over-qualification*
- *(Involuntary) non-standard work (temporary & part-time jobs)*
- *Precarious employment (low-wage jobs with non-standard contracts)*

Length of time people have been employed in a company by age and duration



Younger workers earn lower wages than older workers

Average hourly wage of workers younger than 30 (relative to workers 60+)



What are the consequences?

- 1. Decrease in labour income share of younger people vs. older ones:**
 - Due to demographic changes, and
 - Relative decrease in income per younger worker
- 2. Postponement of household decisions:**
 - Household formation
 - Home ownership
 - Parenthood



Intergenerational adverse consequences on fertility rates, sustainability of pensions & growth

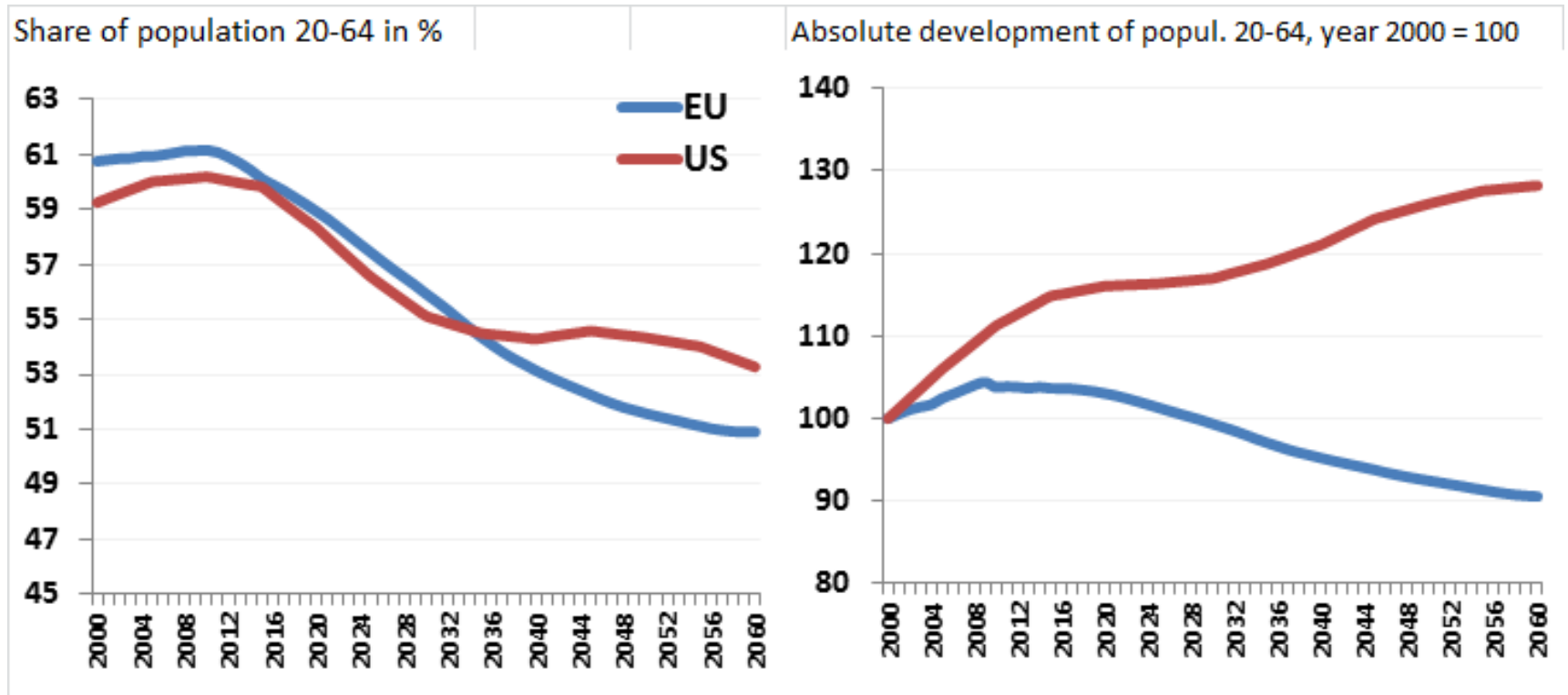
Education & skills more and more important for the labour market

Need to invest in efficient education and training

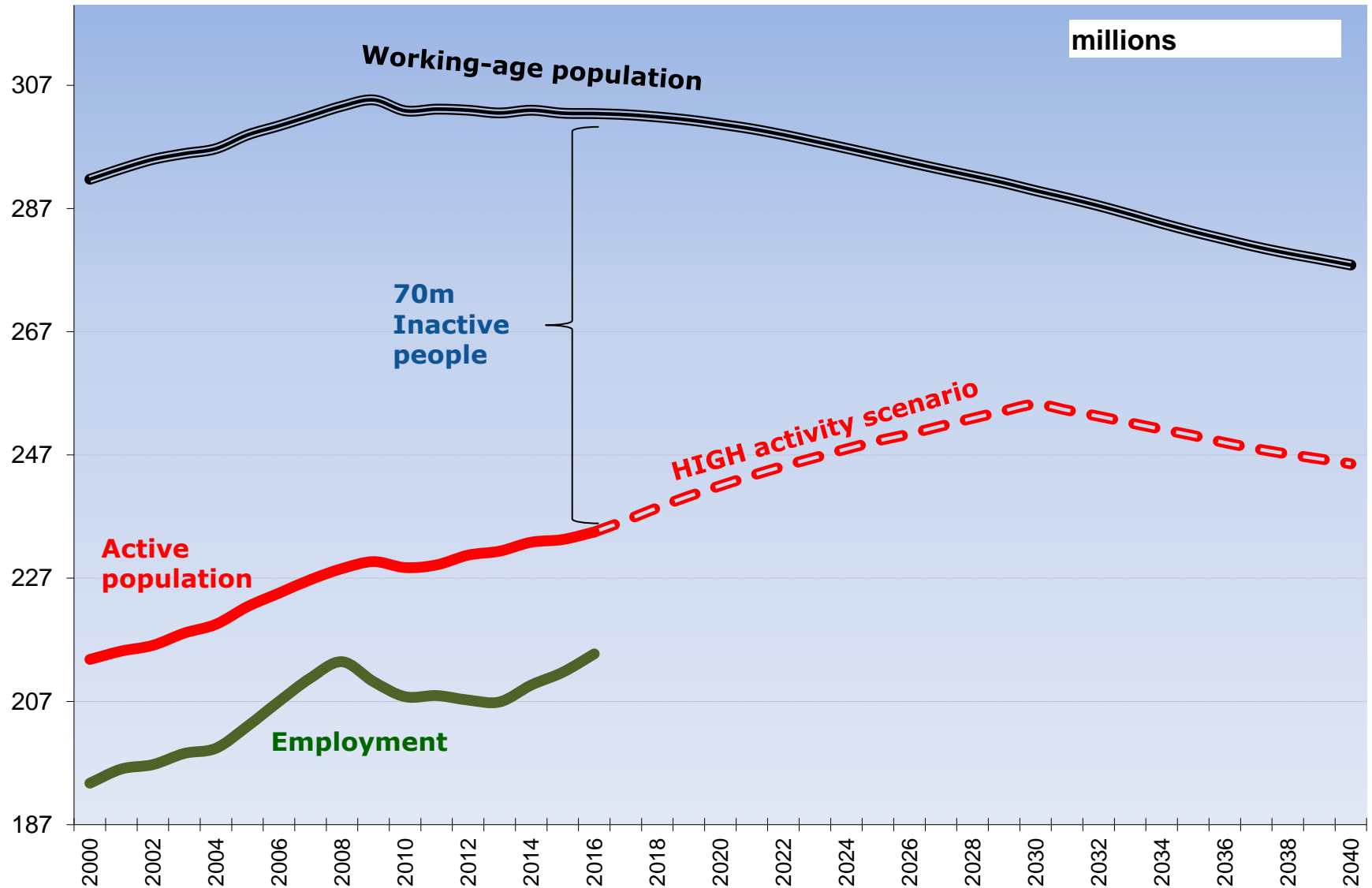


Europe is not the only place where ageing is taking place ... but ageing pattern will be particular in Europe.

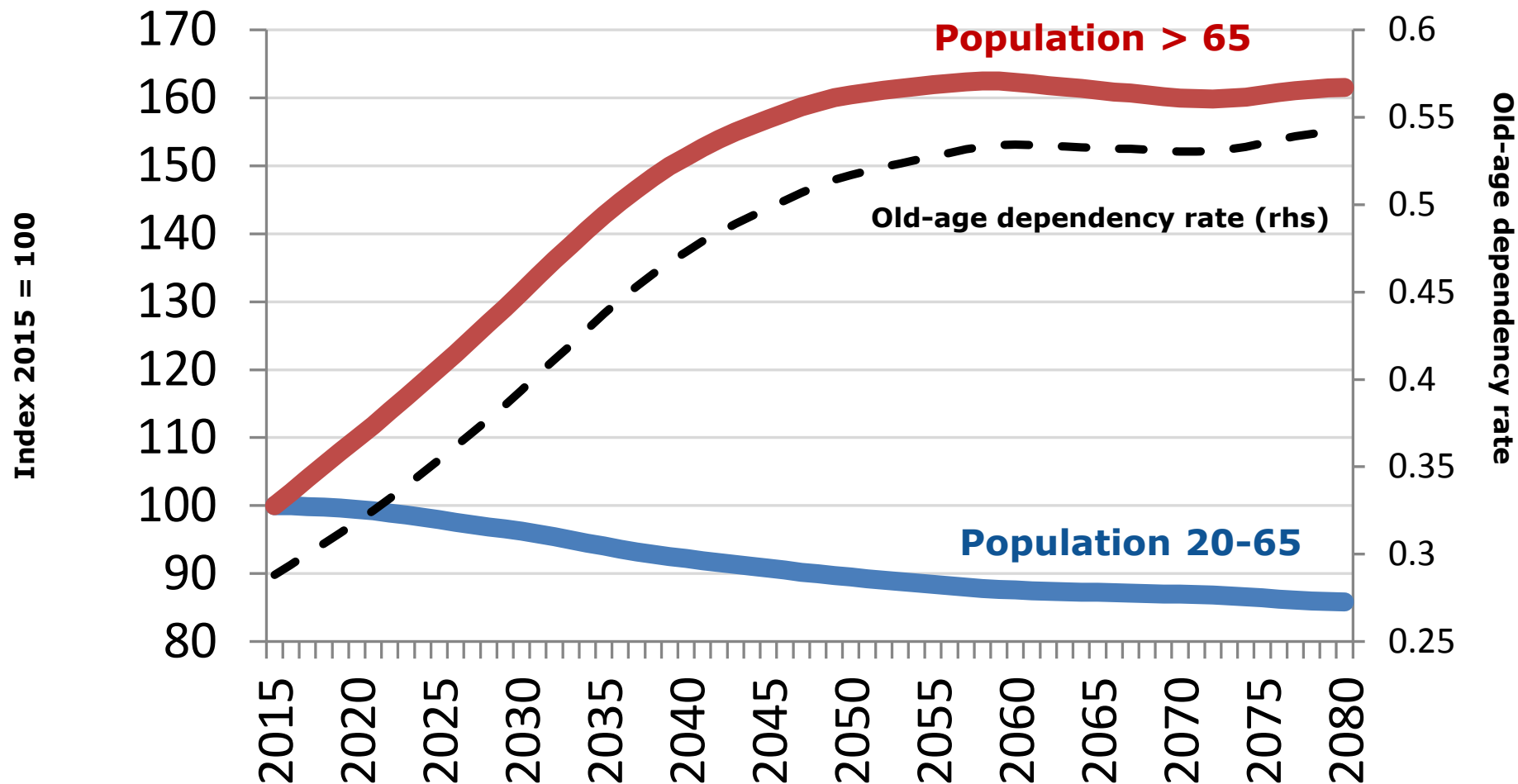
Working-age population here: age group 20-64



Sources: UN World Population Prospects 2015 for the US,
Eurostat 2015 population projection for the EU

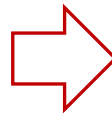


Increasing old-age dependency in the EU



The challenges - and how the EU needs to react

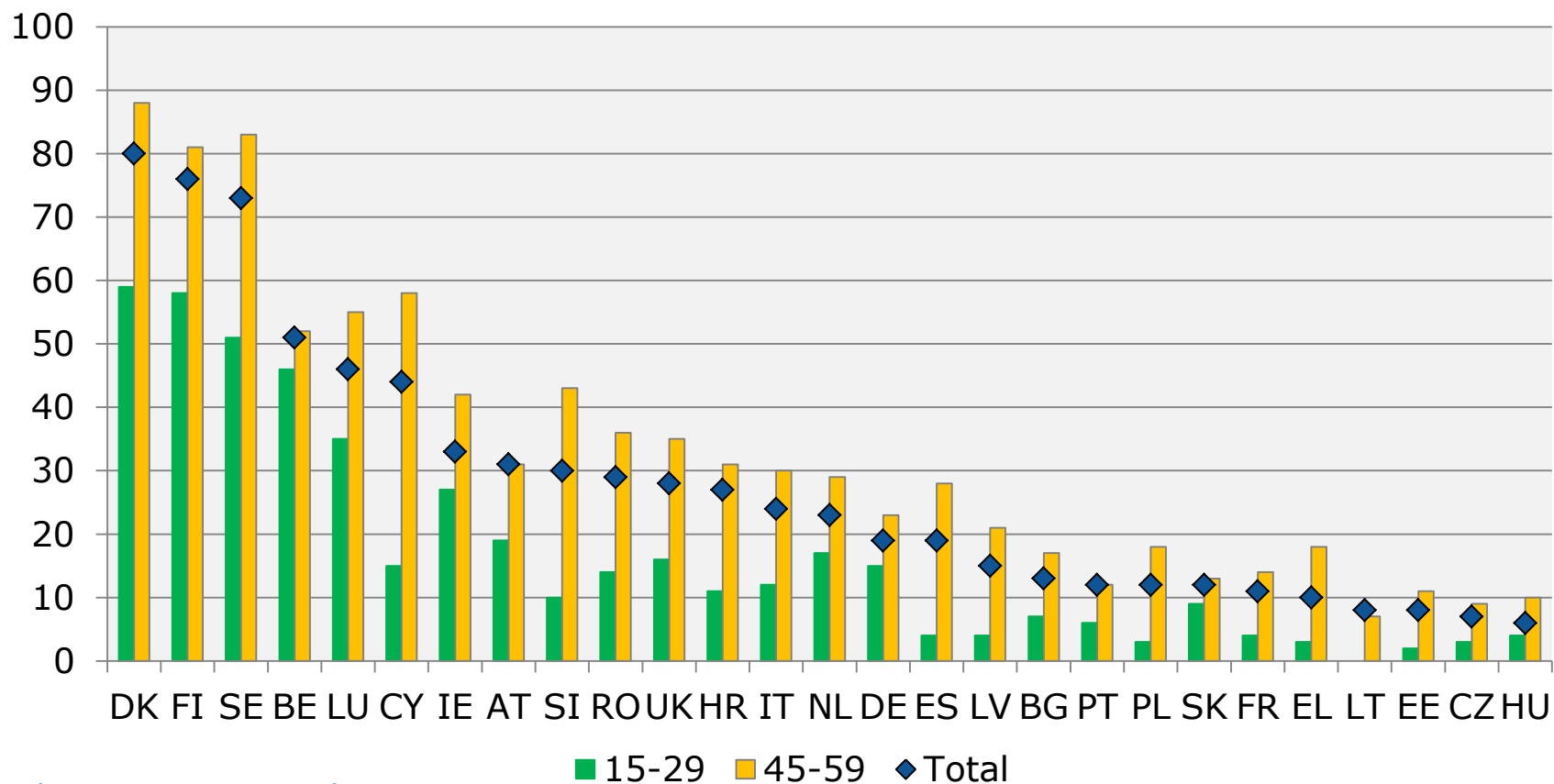
1. To safeguard future potential growth:
 - EU must activate its inactive human resources
 - Future workers will have to strongly accelerate productivity growth
2. Future workers will carry the double burden of ageing



Action needed:

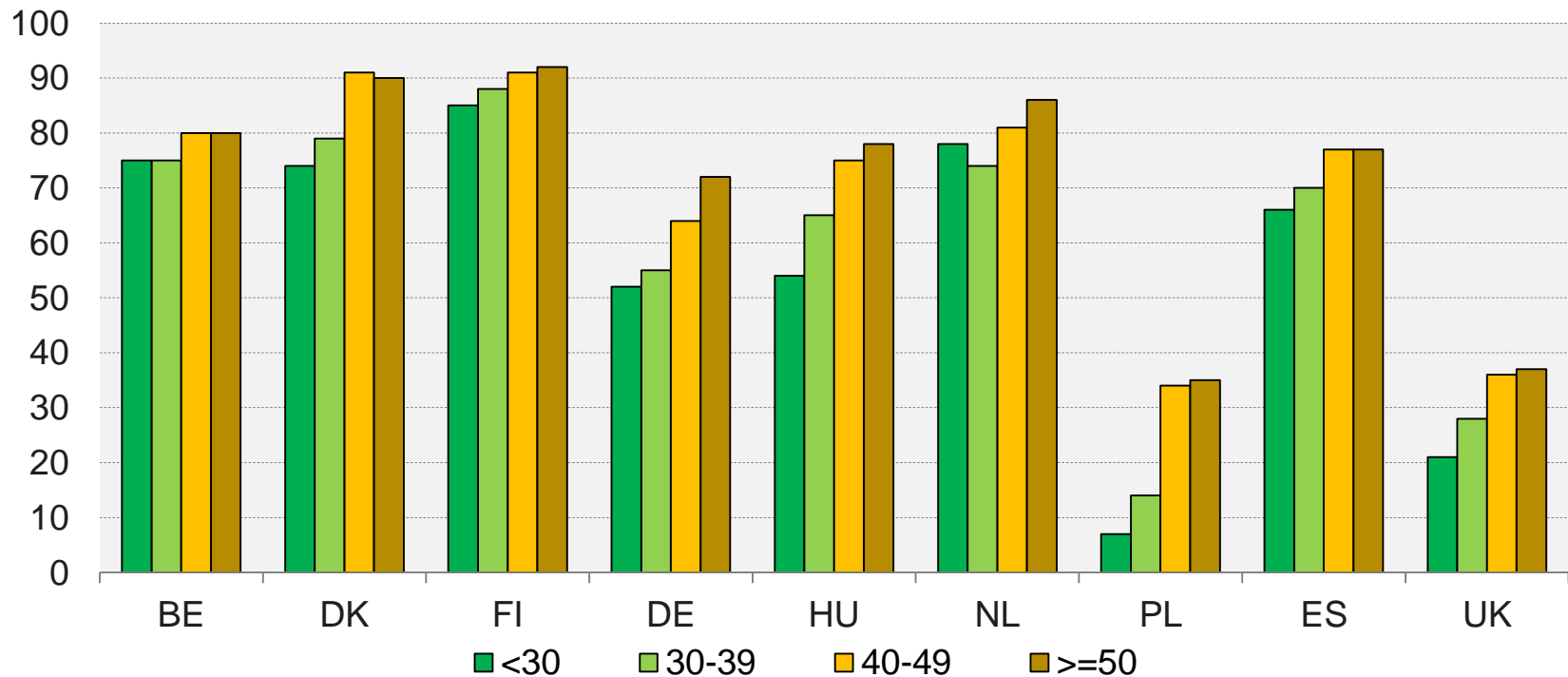
- Bring people into productive employment
- Need to invest in efficient education and training

Union membership is lower among young employees



Based on European Social Survey.
Data years: see ESDE 2017

(Self-reported) coverage by collective agreements is lower among young workers





Social dialogue: important tool for promoting intergenerational fairness

Social partners:

- jointly advance the social market economy, including for younger and older workers and their employers
- Move from '**replacement**' approach (early retirement) towards **promoting synergies** (skills transfers) and **lifecycle perspectives** (work life balance, health and safety)



European social partners' autonomous framework agreement on active ageing and an inter-generational approach

Conclusions



Positive labour market and social trends, continued economic growth.

But today's younger generations remain disadvantaged on the labour market. This is worrisome also because...

...young people and future cohorts are found to bear the 'double burden' of demographic change.

Lesson to learn from ESDE 2017

Findings are a case for investing in today's young and future generations' employability because...

... they need to be more productive than today's workers while being able to cut their fair share from GDP.

More reforms needed in social security schemes to make them more sustainable, while safeguarding adequacy in the future.



European
Commission

Thank you for your attention!



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