



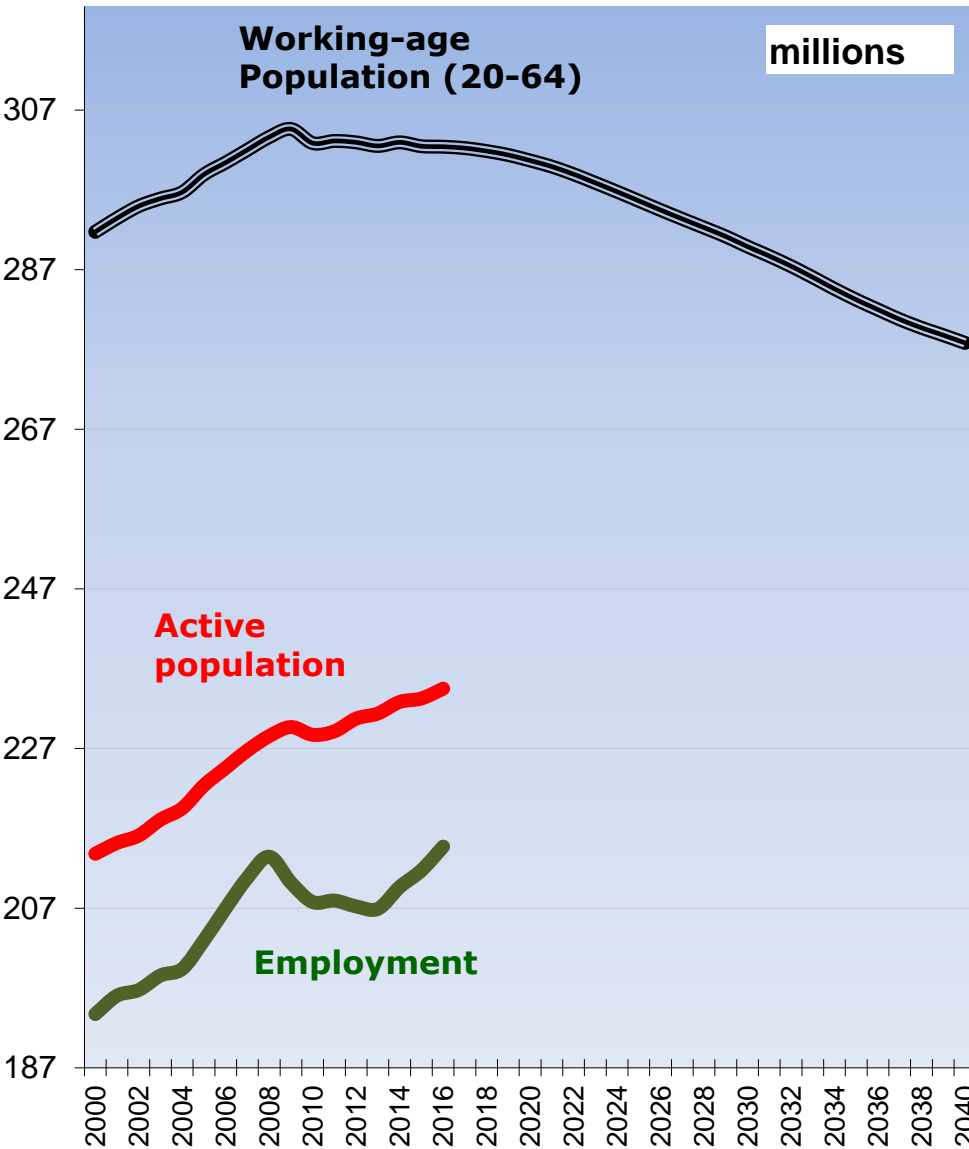
The story of ESDE 2017

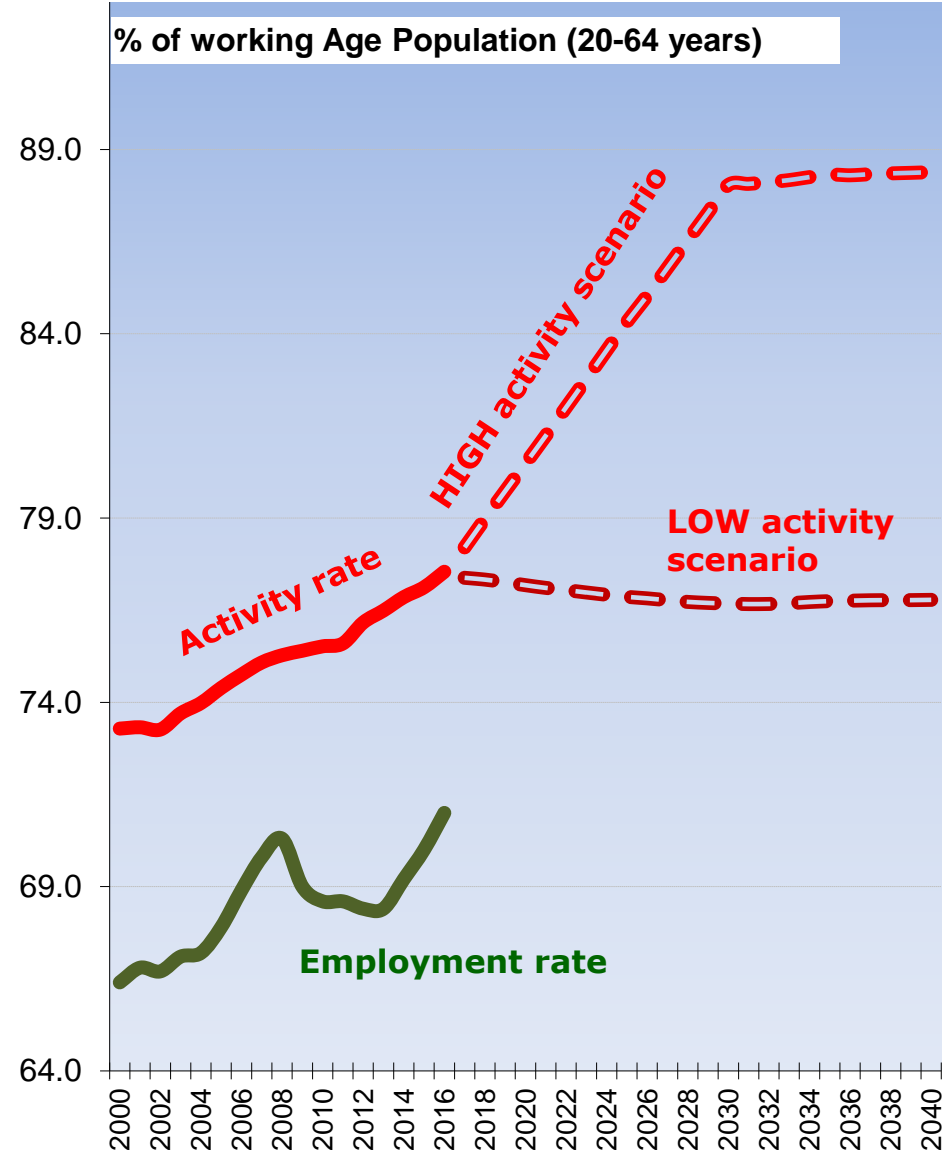
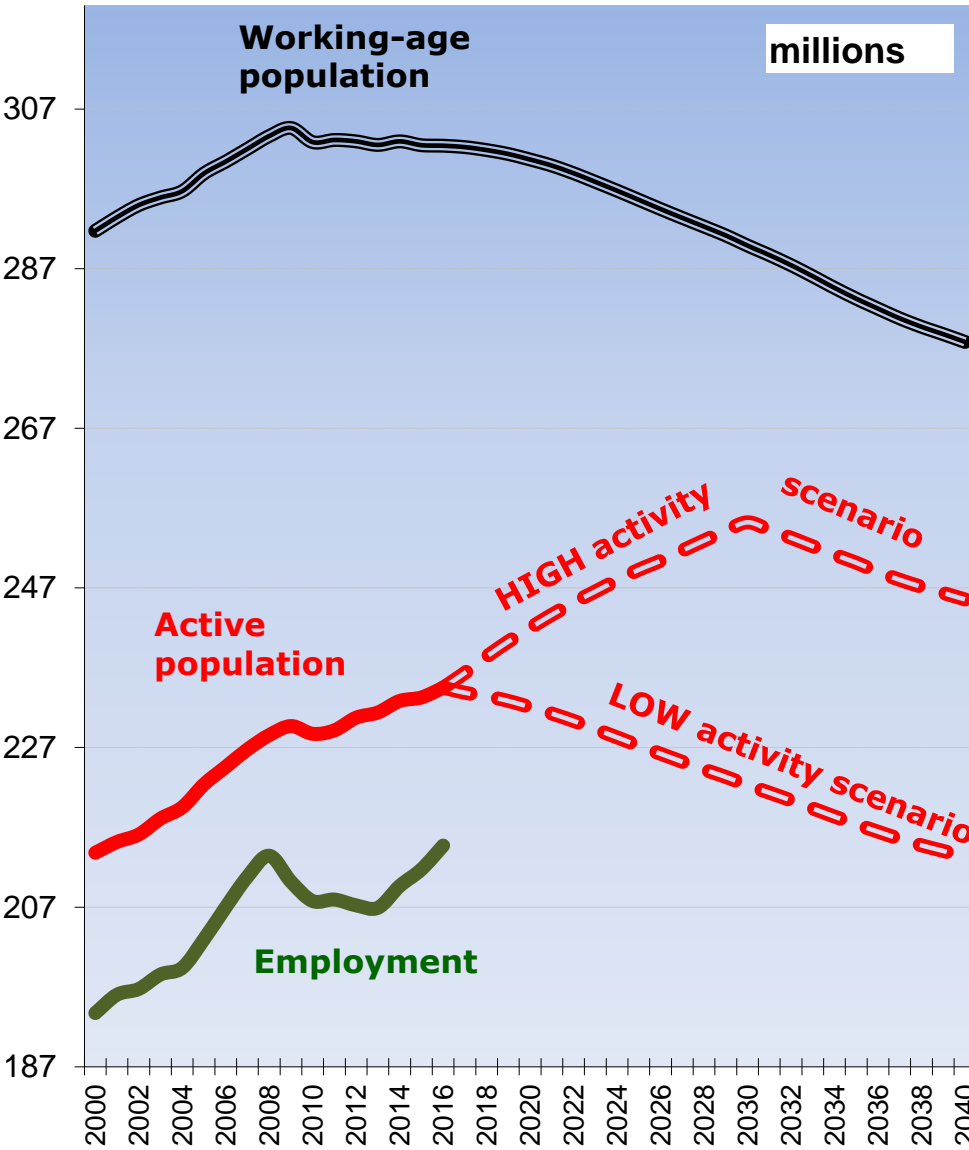
Ch 1: *Recovery continues in the EU;*

Ch 3: *Still today's youngsters are disadvantaged in terms of income, and on the labour market;*

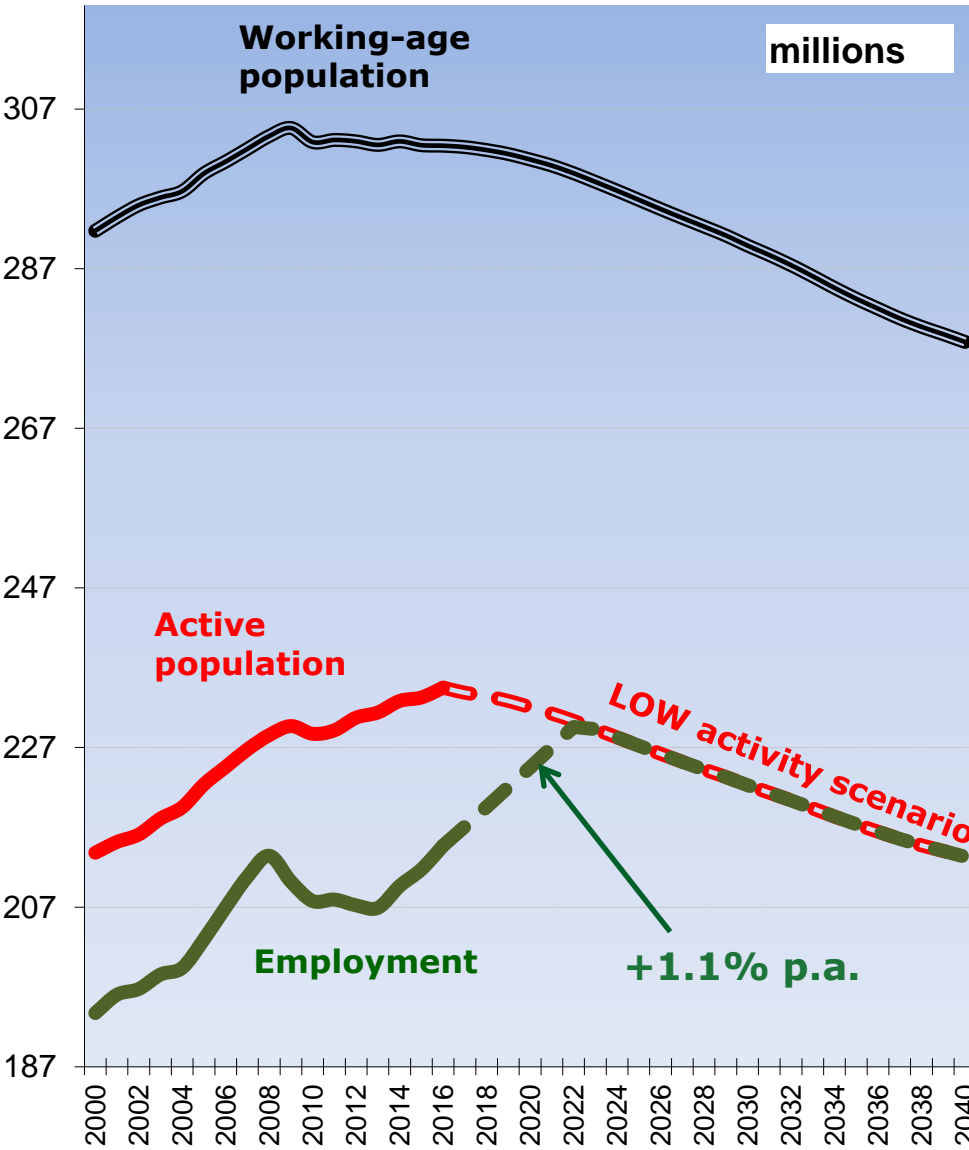
Ch 2,4: *Yet demographic change puts pressure on the youngsters to become more productive, and they will bear a 'double burden' of ageing in the future;*

Ch 5: *Social dialogue can play an important role in promoting intergenerational fairness.*

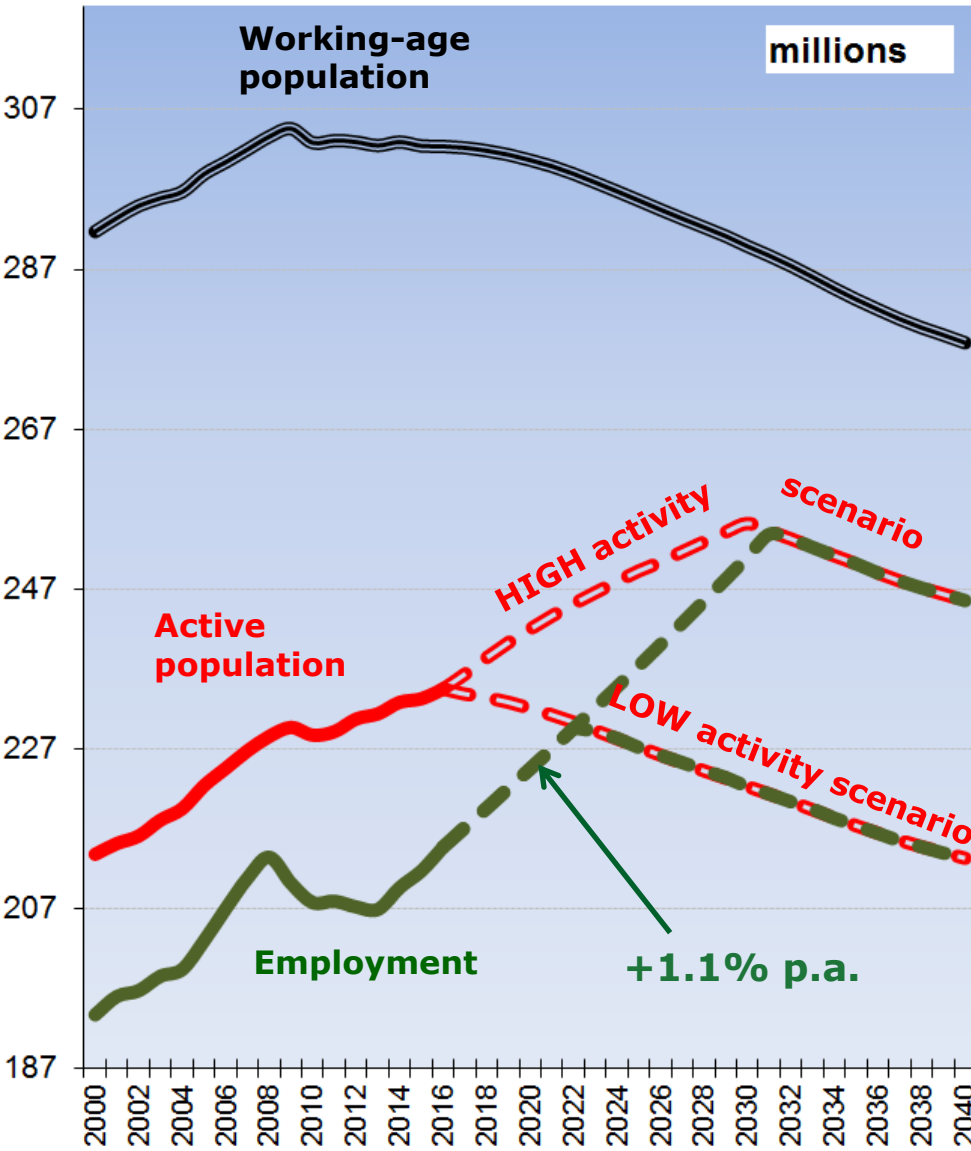




Own calculations based on Eurostat 2015 population projections, Eurostat LFS



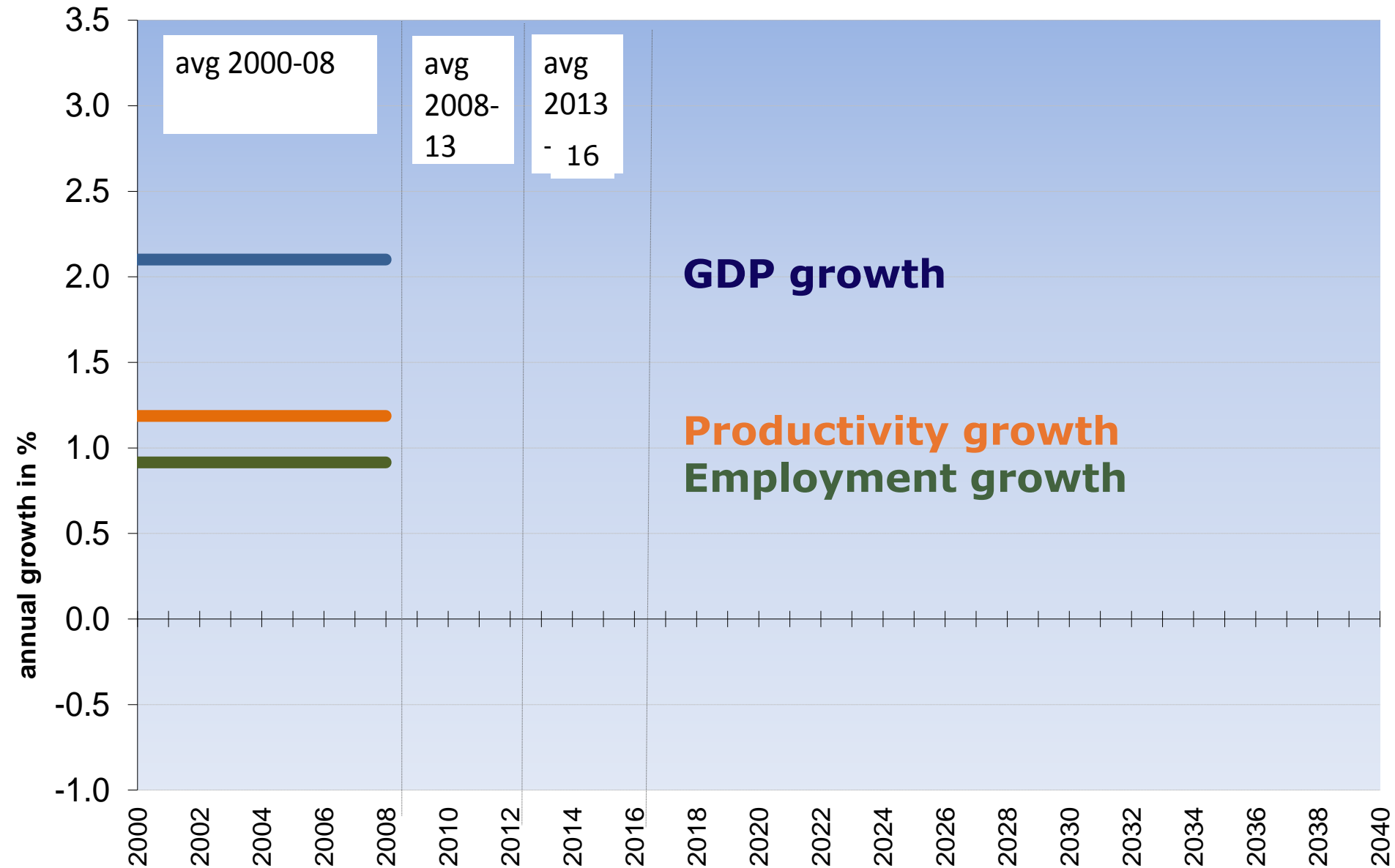
Own calculations based on Eurostat 2015 population projections, Eurostat LFS



EU-28



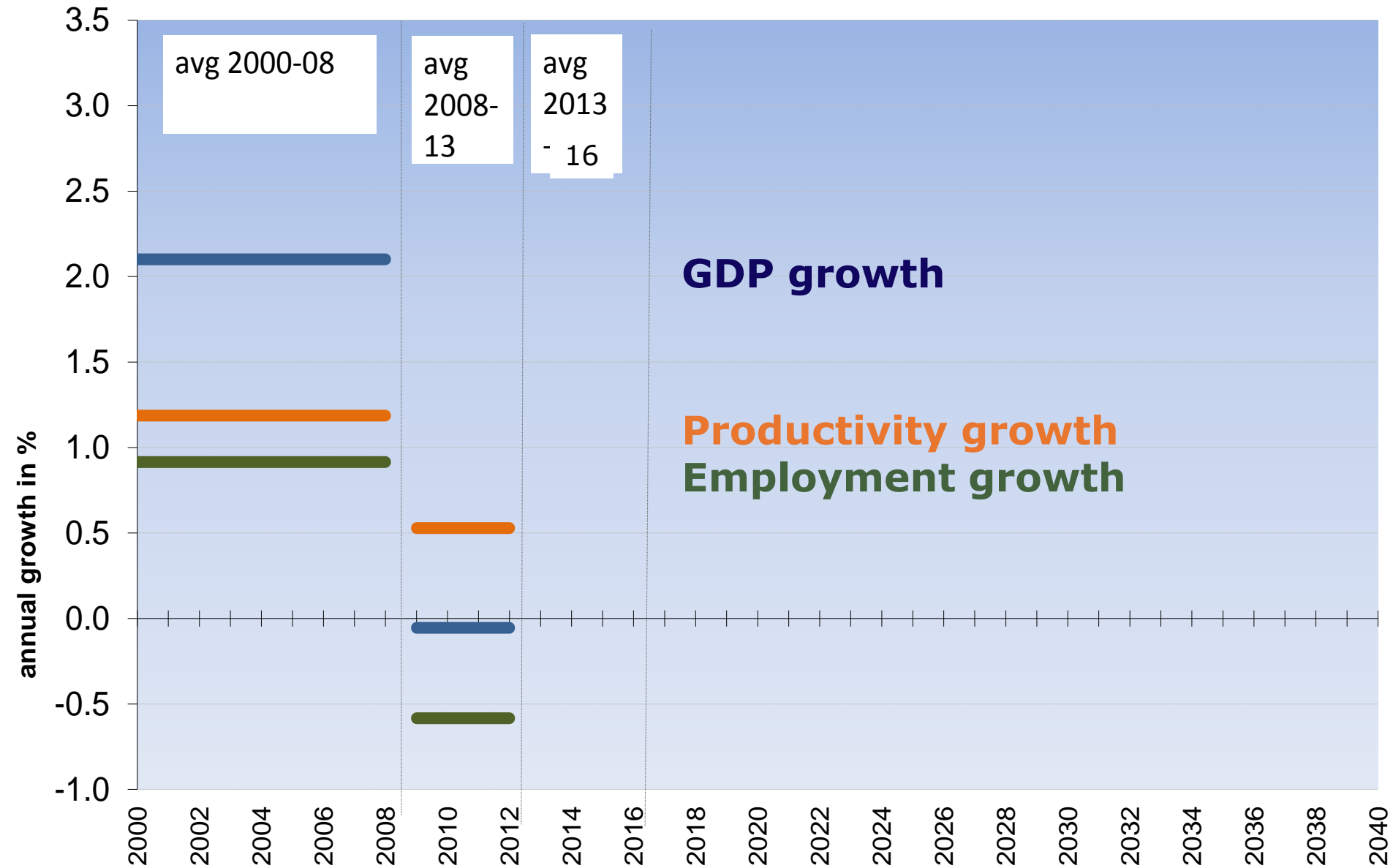
.. with implications
for growth!



EU-28



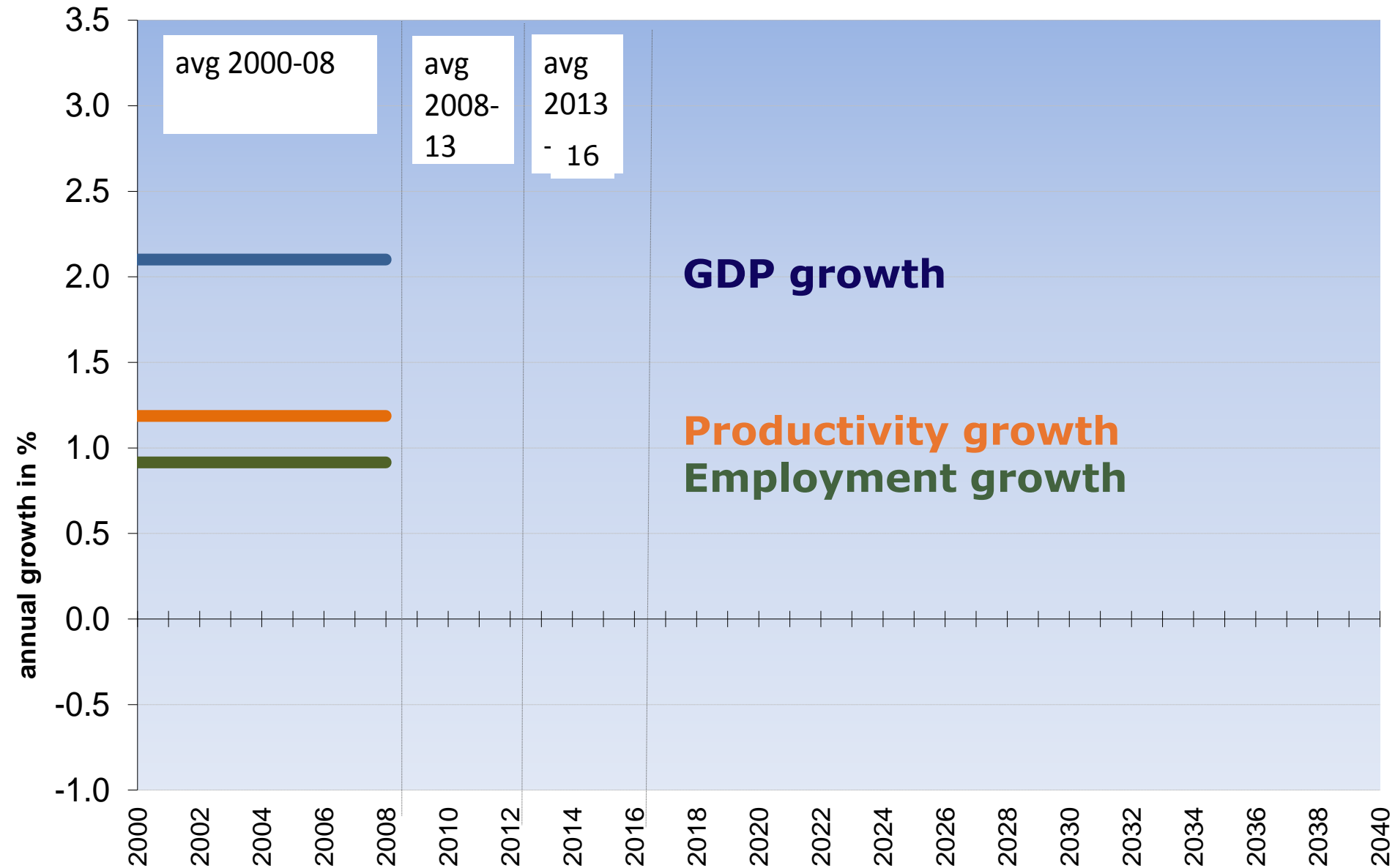
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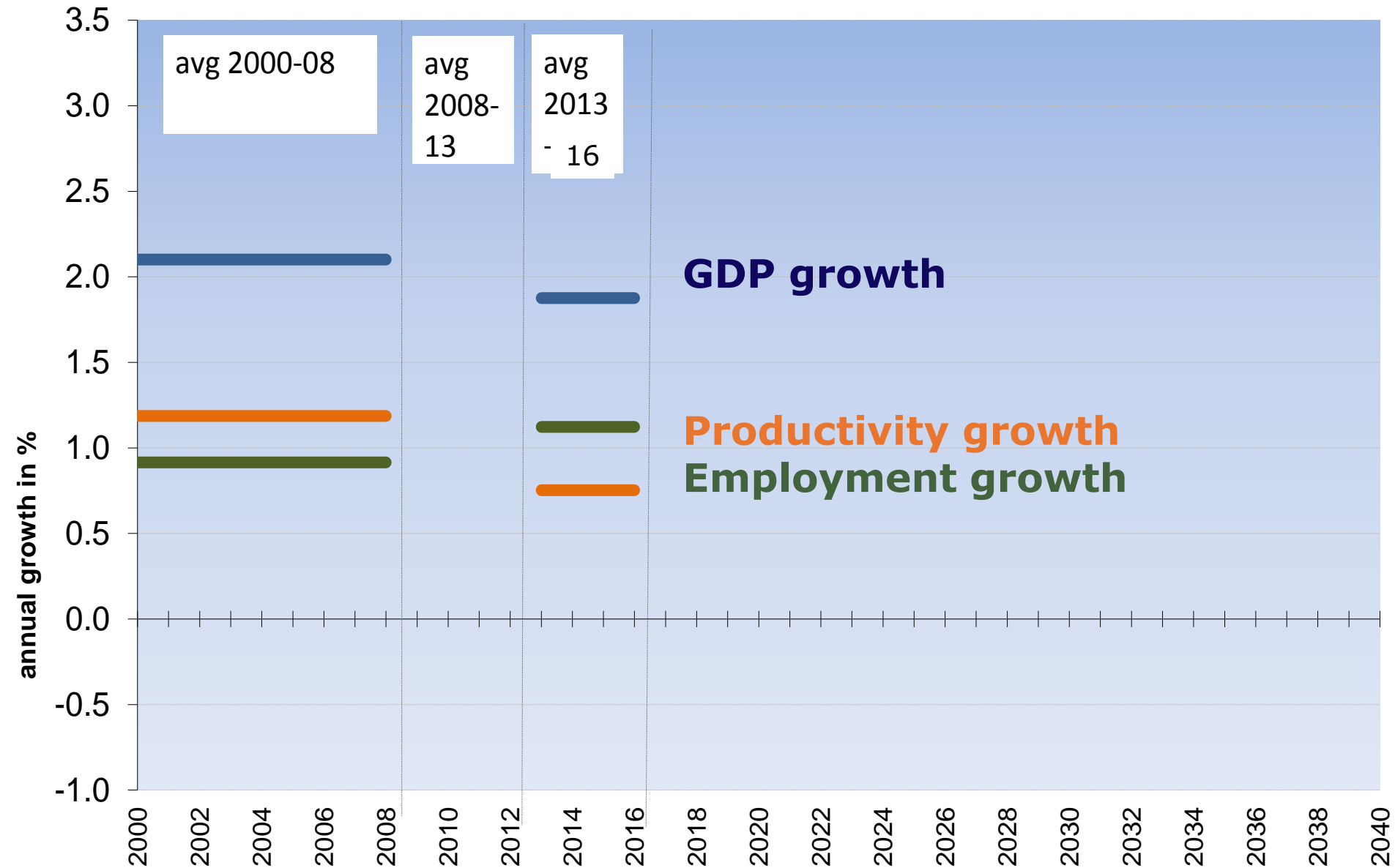
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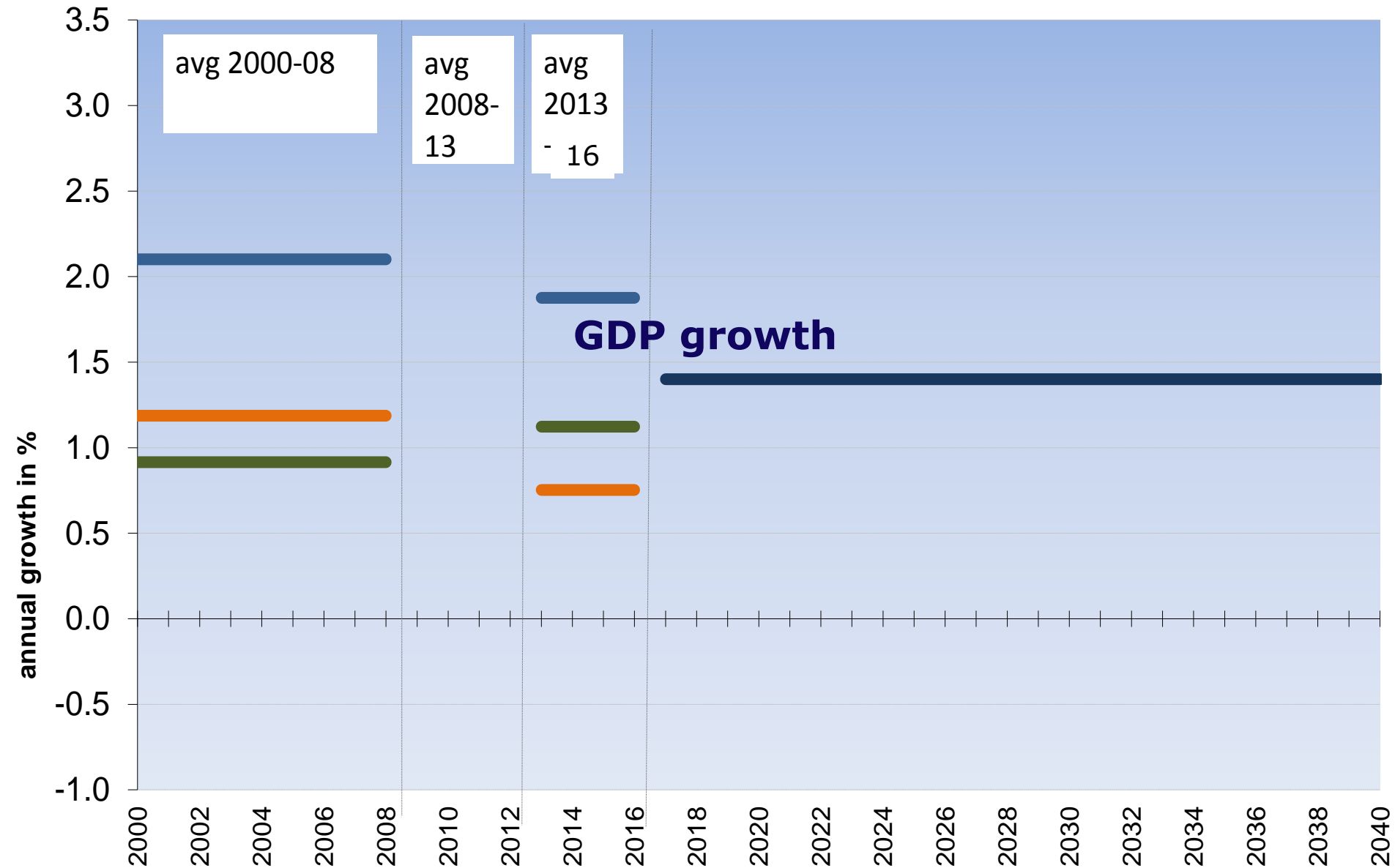
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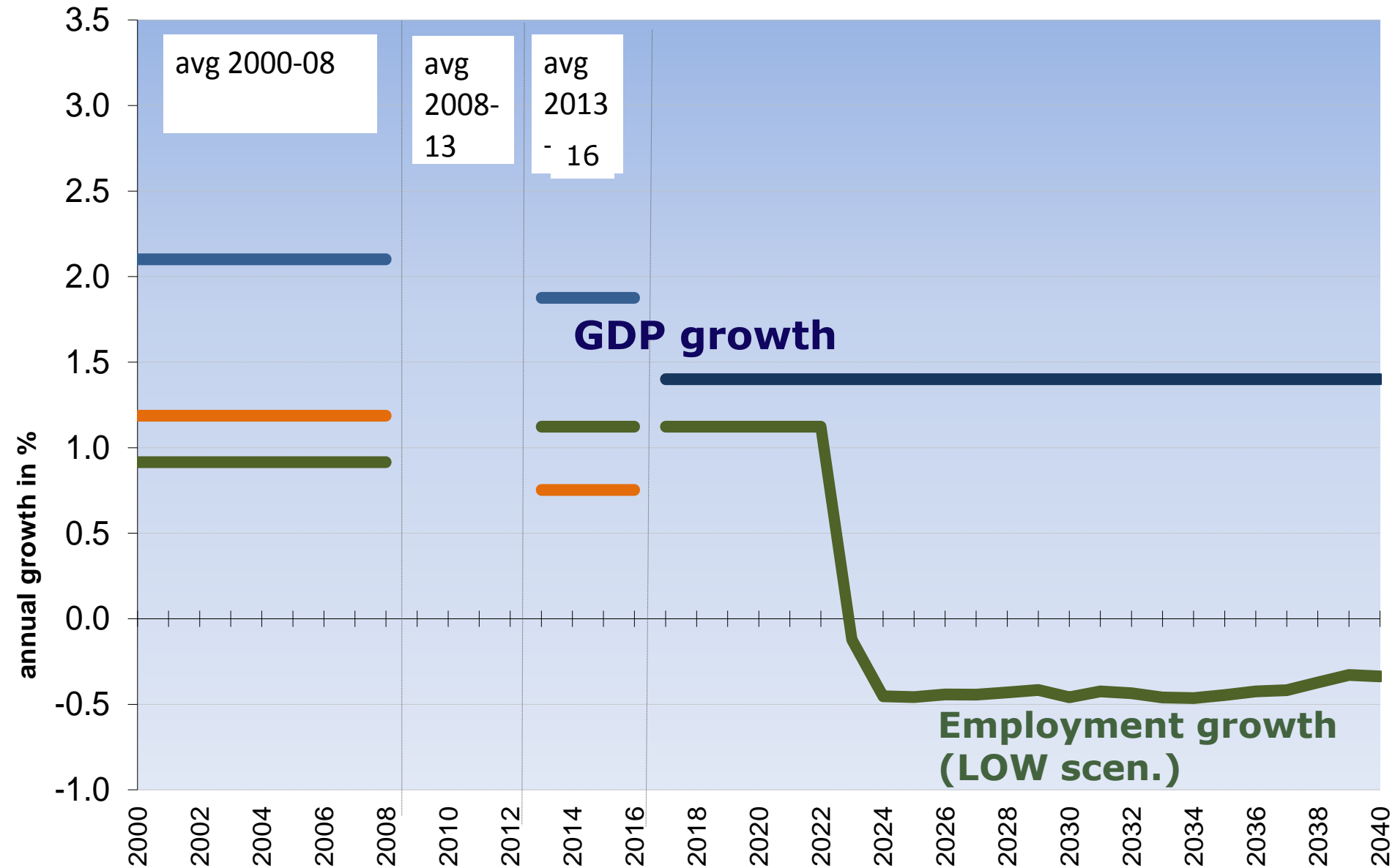
.. with implications for growth!



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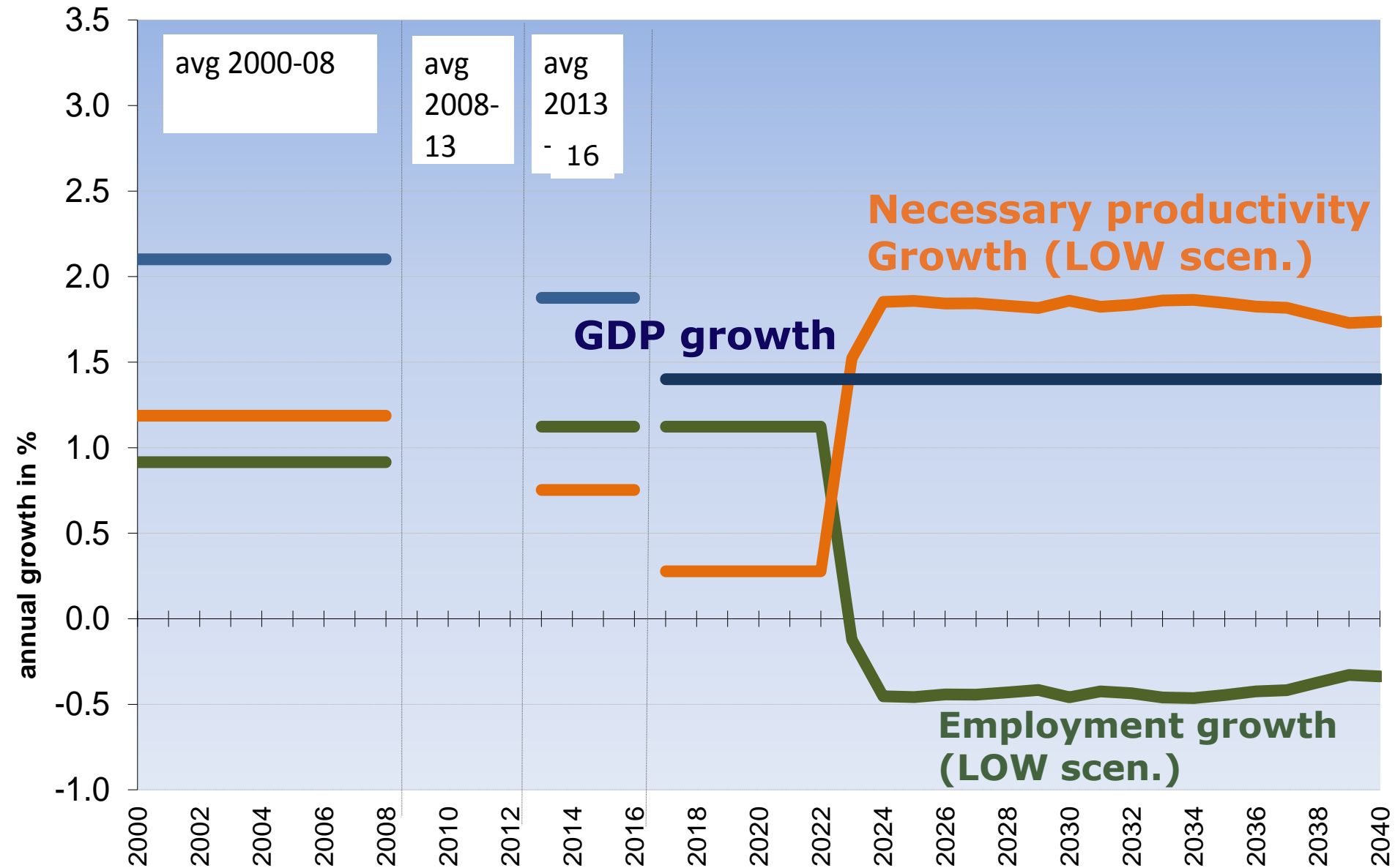
.. with implications for growth!



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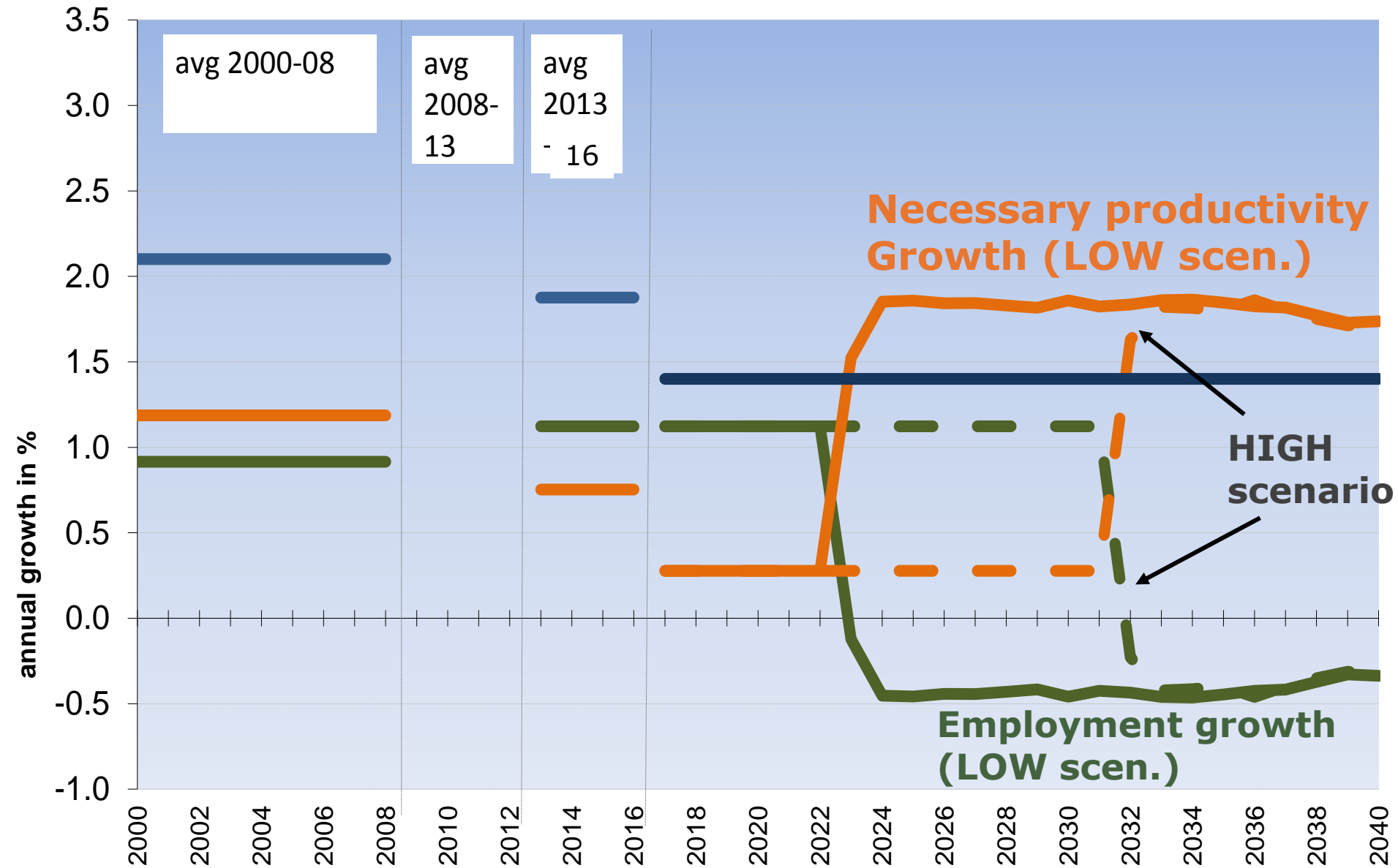
.. with implications for growth!



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.. with implications for growth!



Employment will decline sooner or later.

Implications for growth of GDP:
Pressure on productivity growth will inevitably multiply.

Distribution of GDP ?

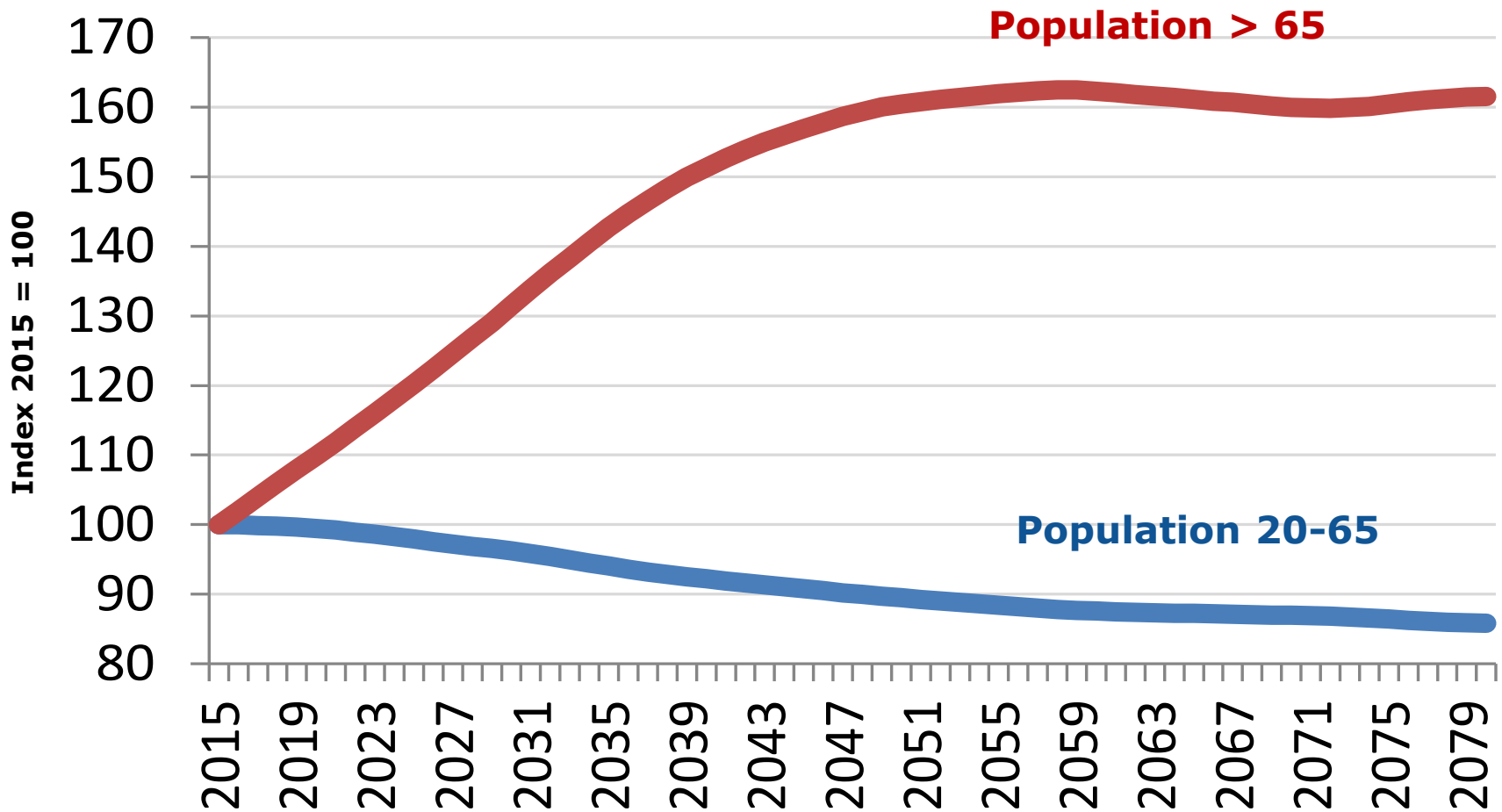
Imagine..

- the EU was one country, one pension system with one single contribution rate.
- everyone 20-65 was working and
- everyone 65+ was on a pension (**47%** of avg wage).

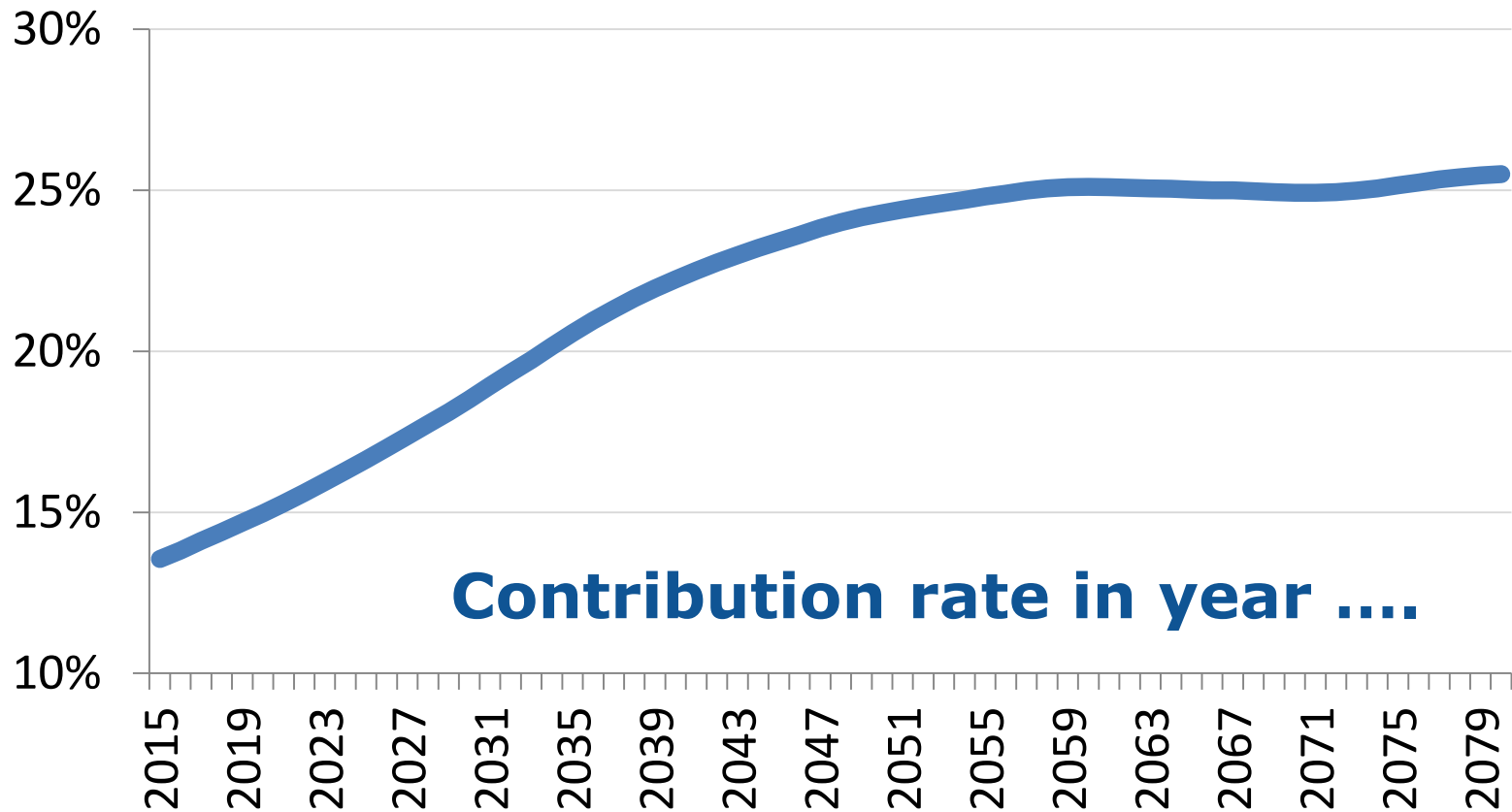
Then today's pension contribution rate would be **14%** of that wage.

Can we keep those levels?

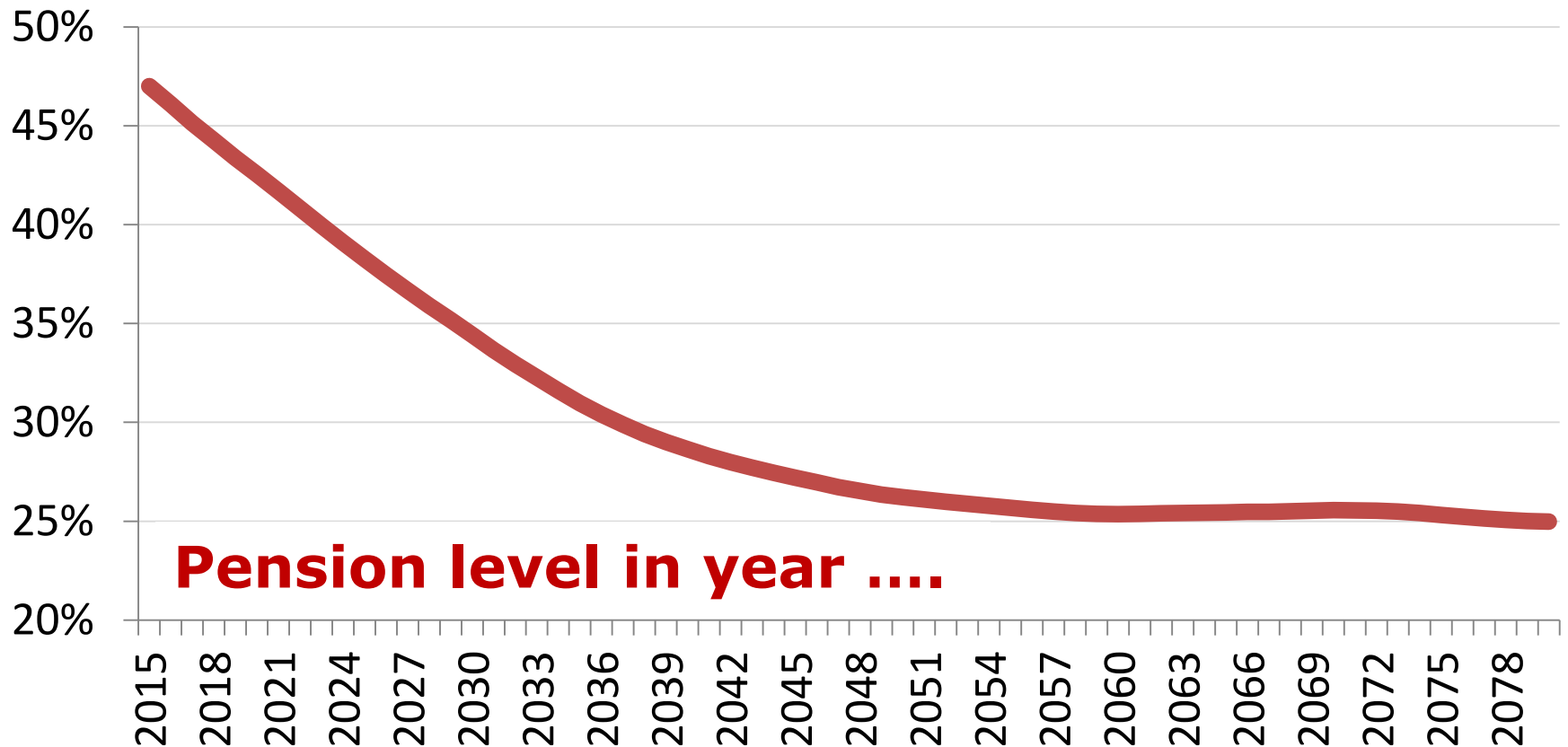
Hardly....



"No reform": pension level 47%:

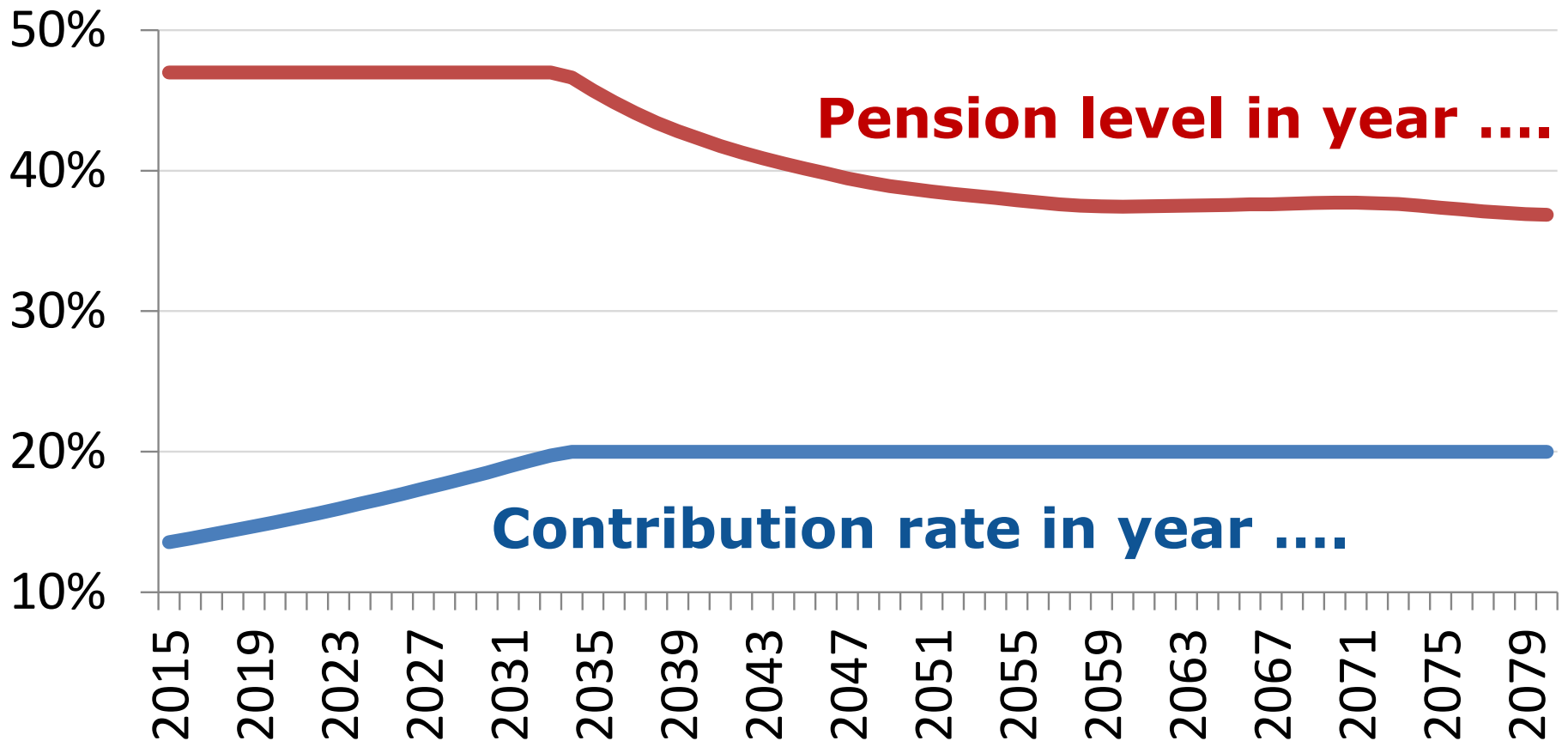


"Full reform": contribution rate 14%



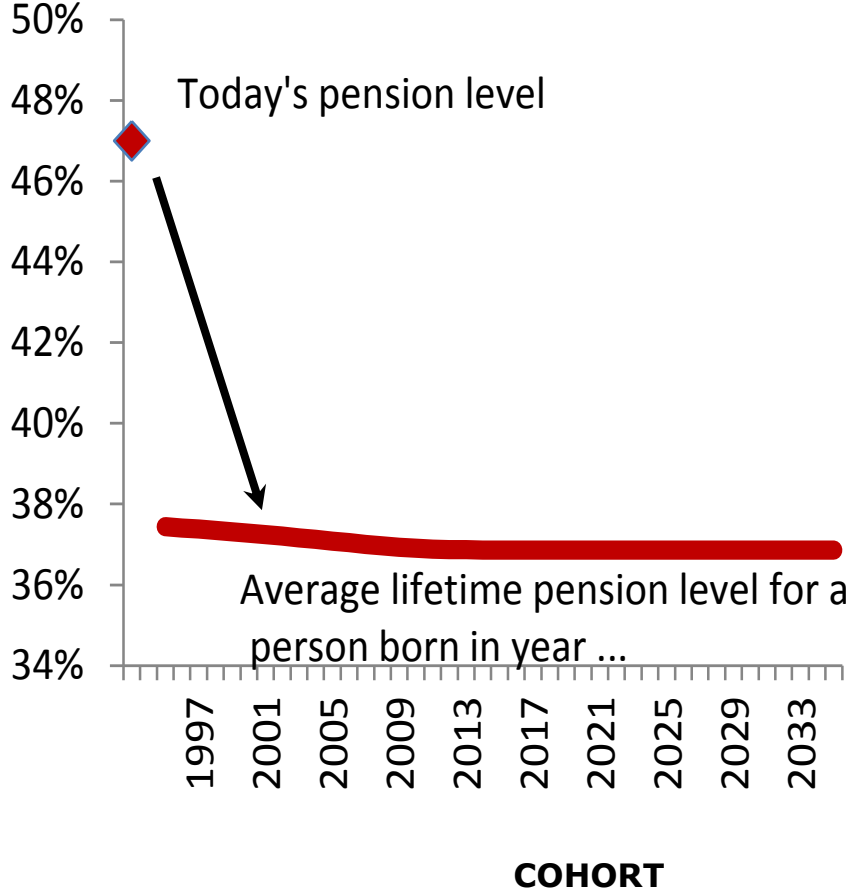
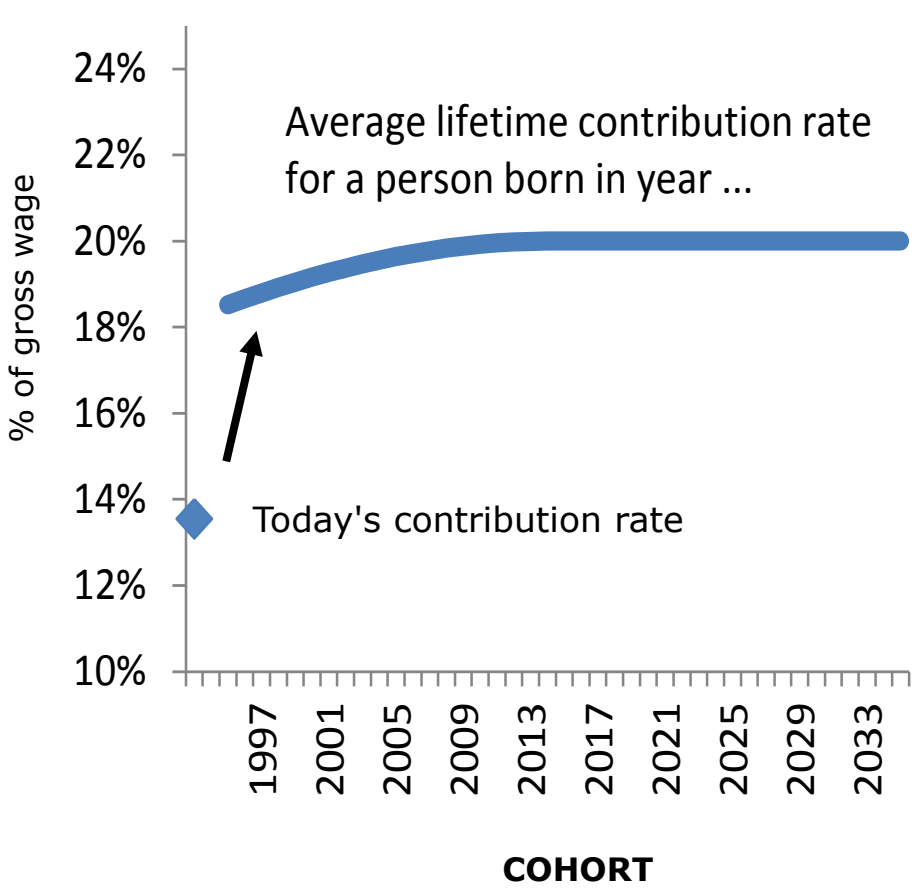


Probably : "higher CR inevitable, but we limit the increase!" (say: 20%)





This implies: 'Double burden' for today's young workforce and those not yet born...



... but labour market policies help.

Model simulations presented in ESDE: Policies targeted to older workers

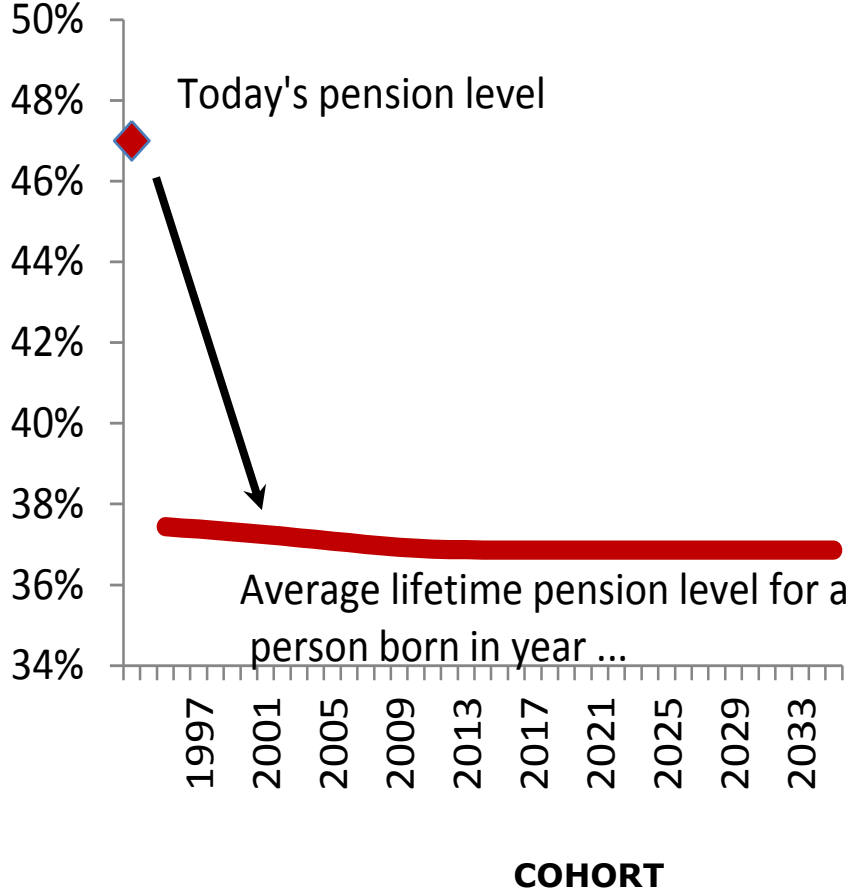
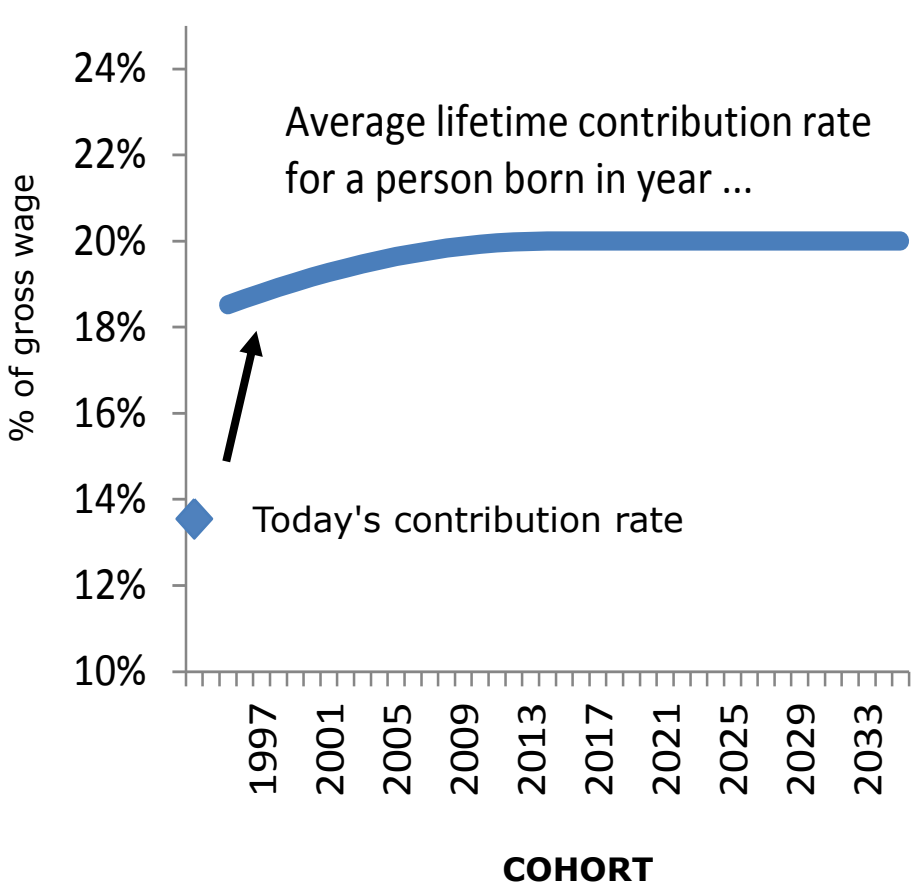
- ➔ Reforms in the pension system (FI):
coupling pensionable age, pension level to life- expectancy
- ➔ Better labour market matching through LM integration support (DE)
- ➔ Tax incentives (SE): payroll and income tax cuts

Main transmission channels:

- Strengthen employment incentives, employability
- Contain increase of labour costs



This implies: 'Double burden' for today's young workforce and those not yet born...

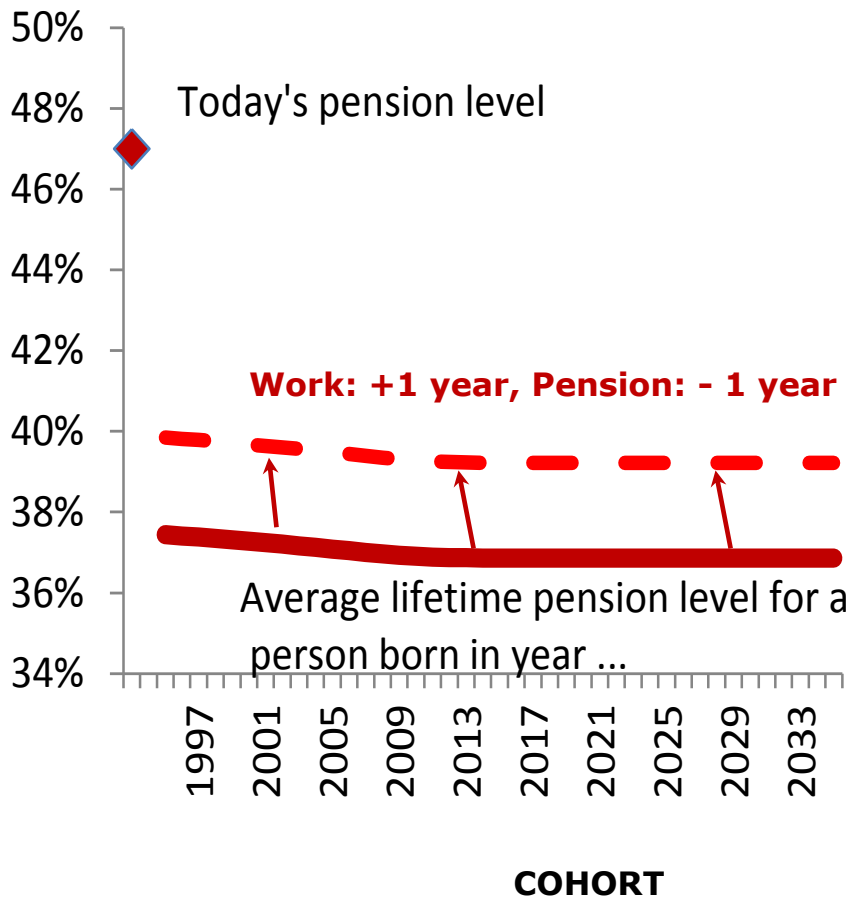
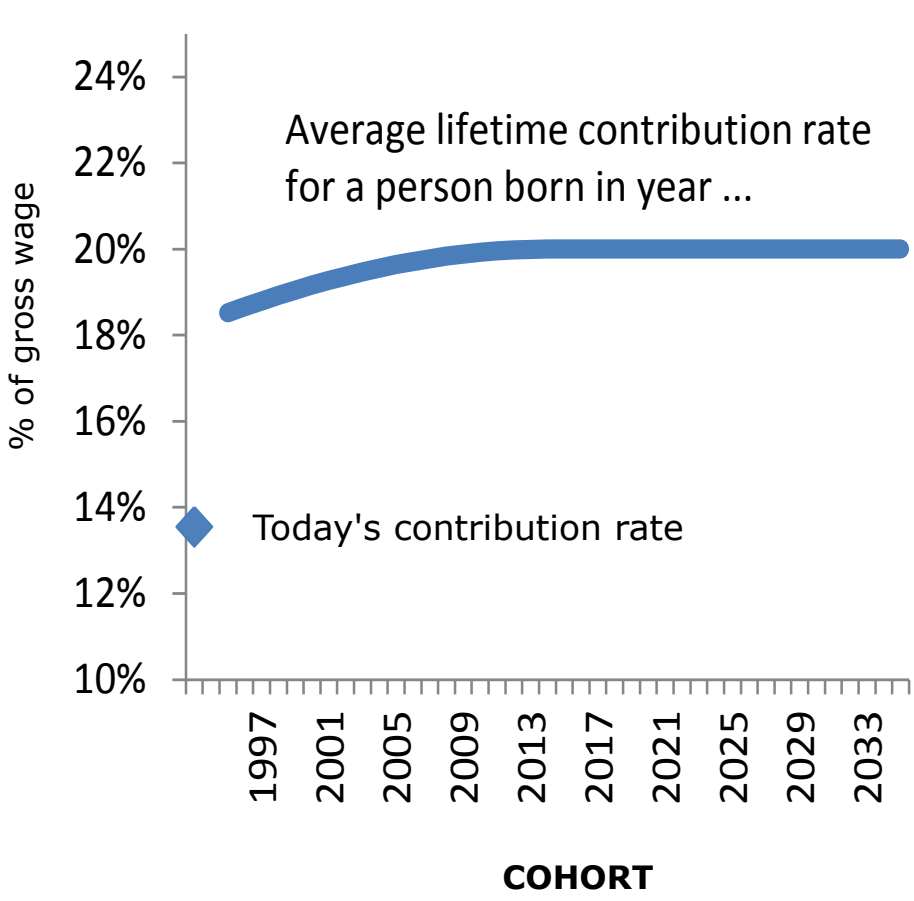


Most probable scenario



... but labour market policies help.

Assuming everyone to work for 1 more year



Own calculations based on Eurostat 2015 population projections



Today's youngsters and future generations..
.. will have to become more productive.
.. will bear a double burden of ageing.

⇒ We ask them a lot! Therefore:

- Promote labour market inclusion !
- Invest in skills development and education !