



COUNCIL OF EUROPE CONSEIL DE L'EUROPE

EPC(2005)S4.1rev

EUROPEAN POPULATION CONFERENCE 2005 DEMOGRAPHIC CHALLENGES FOR SOCIAL COHESION

Round-table: Population issues and social cohesion - priorities for action

Demography, economy, public policies, and people: a mismatch?

Dragana Avramov

At the beginning of the 21st century European societies are struggling to adapt to the global economy while having to adapt to population changes. The public policy discourse, more particularly as it relates to social protection, is clearly changing. Peoples' expectations towards public support in all phases of the life course are persistently in line with very high value they attach to what has become to be known as the European social model.

The main pillar of the European social model enshrined in the welfare states in the last decades of the 20th century has been the widespread distribution of prosperity throughout the population by means of legal measures and the redistribution of resources. We observed a marked acceleration in the development of welfare functions in most European countries in the 1960s and 1970s. Public policies evolved towards the enlargement of the domains of protection, the increase in the number of beneficiaries and the transformation of parts of needs-based assistance into a set of social rights. We have seen the emergence of social rights which are not work related, such as the minimum non-contributory benefits. These trends can be seen in the evolution of costs of social protection, the development of a broad range of collective social services, and the assertion and strengthening of fundamental social rights that are protected by law.

Today the mainstream public policy discourse is shifting away from 'passive' protection as a matter of individual rights, and is moving towards 'active' policies. Action is oriented towards economic growth and job creation, open and competitive markets inside Europe, more people in employment, working longer years, maintaining employability of older workers by life-long education, greater flexibility for enterprises, and adaptability of workers to labour market requirements.

The fear that the globalization and demography are going to drag down the potential growth rates in Europe is clearly articulated in the Communication from the President of the European Commission Barroso to the Spring European Council.¹ In view of the current and expected pressure on the pension and other functions of the social security system, which is associated with the population ageing, the quest to modernize the public policies is encapsulated in the objective “to give people jobs and make sure they remain in work or education throughout their lives” (ibid).

Whereas it is the prerogative of elected or appointed politicians to make the political decisions on directions and priorities for action, the role of researchers is limited to the sphere of the identification of challenges to social cohesion, analyses of policy options and implications of policy choices. With respect to the priorities for action in view to address population challenges in increasingly more competitive economies and at least preserve, if not reinforce social cohesion, the study of the implications of policy choices inherently needs to include the identification of the requirements for their effectiveness.

Here we will address only one of many requirements or key success factors for policies, namely the involvement of citizens as actors in shaping their own future. It is generally acknowledged that in order to be effective in democracies, policies need to take into account the viewpoints and expectations of citizens both in the conceptualization and implementation of actions.

So with respect to having children in an increasingly more competitive work environment and working throughout our lives, what can we learn from research on practices, attitudes and expectations of citizens?

The two societal trends of the late 20th century are named today as societal problems: early retirement and below-replacement fertility. The first is generally believed to be more-or-less easily reversible, while the latter is generally thought to be irreversible. If we look at what young people today want with respect to work-free years and parenthood, and the direction in which policy actions are moving to accommodate the perceived requirements of the economic growth, we see that today’s challenges might be small in comparison to what may be in store for successive generations.

The past trend towards early retirement is well known. What about the future? With respect to the work-free years those who are in paid labour today, both men and women expect to retire at what has been the statutory age of retirement in most European countries for almost a century, namely 65 years of age for men and 60 for women. However, both men and women would prefer to retire much earlier, namely at 60 and 57 years of age respectively (Table 1). People with lower education both expect and prefer to retire earlier than those with higher education. The lowest paid workers expect and prefer to retire earlier than people in higher income groups.

¹ Commission of the European Communities, Brussels, 02.02. 2005 COM (2005)24 Working together for growth and jobs: A new start for the Lisbon Strategy, Communication from the President Barroso in agreement with Vice-President Verheugen

Table 1: Median expected and preferred age of retirement

Sex of respondent	Expected age of retirement	Preferred age of retirement
Male	65	60
Female	60	57
Educational level		
Below higher secondary education	60	55
Higher secondary education	62	60
Above higher secondary education	65	60
Income group		
1 (low)	60	55
2	62	59
3	63	60
4	63	60
5 (high)	62	60

Source: IPPAS database, calculations by D. Avramov

Pooled weighted data for: Austria, Check Republic, Estonia, Finland, Germany, Lithuania, Netherlands, Poland, Slovenia

As nurturers and providers in the family, today's retired and middle aged people and elderly workers have contributed to shaping the life chances and values of successive generations. The experience of young employed adults shows the magnitude of the rift between what they expect and prefer and the way social protection is planned to be reformed in the immediate future. Men aged 20 to 49 prefer to retire at 58 and women in the same age group even earlier at 56 years of age (Figure 1).

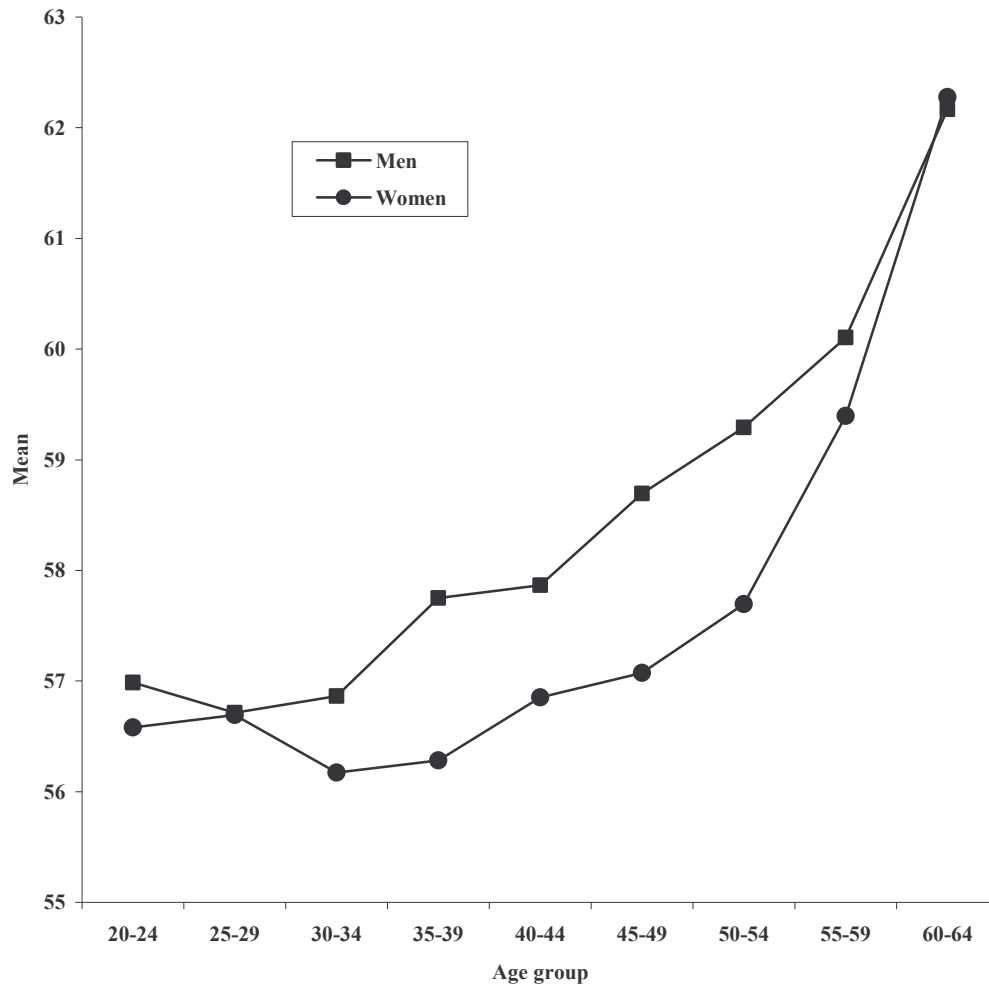
There are obviously between country differences in opportunities and preferences with respect to retirement, and there are many possible explanations of the causes of the way people experience and perceive their own well-being today and tomorrow.

The point we wish to make here is that there is a need for adapting policies and institutions to meet the needs and expectations of citizens as they grow old, and also for identifying requirements to facilitate response shifts among citizens, which will be necessary in view of the labour market changes and long-term sustainability of social security.

If individuals are expected to be available on the labour market throughout their lives, the standard life course sequence of events: education→work→retirement, is to be changed not only in terms of timing of events but in the centrality of competitive work in people's lives at all ages.

Reconciling life-long education and life-long work, in view of being part of highly skilled, adaptable, and mobile workforce, with having children, in view of achieving self-fulfillment and intergenerational continuity, requires even more fundamental response shifts.

Figure 1: Preferred age at retirement



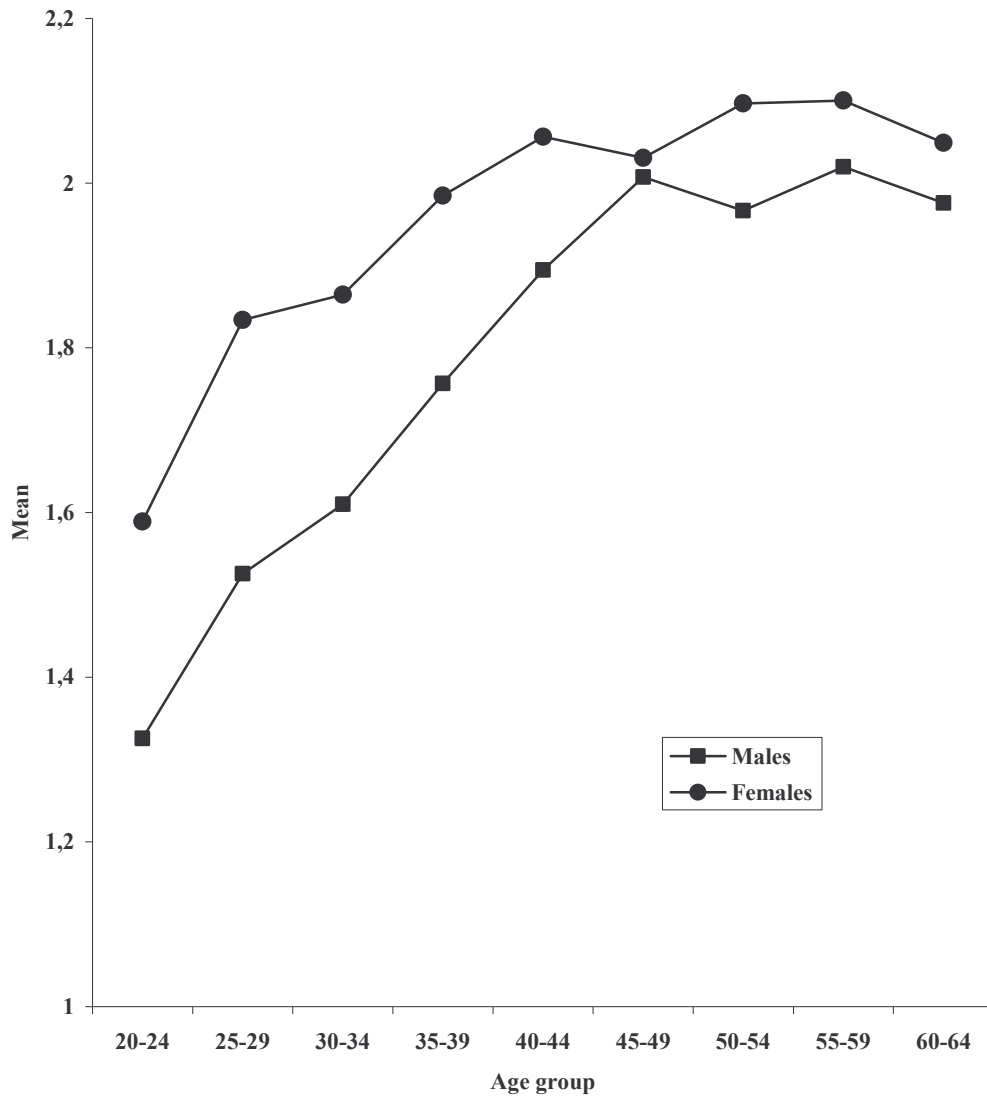
Source: IPPAS database, calculations by D. Avramov

Pooled weighted data for: Austria, Check Republic, Estonia, Finland, Germany, Lithuania, Netherlands, Poland, Slovenia

With respect to future fertility we observe that on average, men aged 20 to 35 expect to have over their life course maximum 1.5 children (Figure 2). Women in the same age group expect to have on average 1.8 children. There will obviously have to be some considerable between-couple negotiating. Men risk becoming the ‘surprised sex’ and getting more children than they have expected whereas women risk becoming the ‘disappointed sex’ and mothering fewer children than they expect.

In all cases, judging from the number of children men and women expect to have over their life course, the society is bracing for a sustained below-replacement fertility, and consequently remarkable ‘population dejuvenation’.

Figure 2: Maximum expected final descendance



Source: IPPAS database, calculations by D. Avramov

Pooled weighted data for: Austria, Check Republic, Estonia, Finland, Germany, Lithuania, Netherlands, Poland, Slovenia

To conclude in a nutshell, a controversial challenge for future policies is that:

- Young people prefer to retire even earlier than their parents, who are causing social concern because they are retiring too early; and,
- Young people expect to have even less children than their parents, who did not parent enough children to ensure generational replacement and are facing problems associated with reforms of the regimes of the intergenerational transfer of resources.

Social cohesion has much to do with the dynamic nature of human experience of well-being in particular with respect to work and work-free hours, days and years, family

dynamics, health, care giving and care receiving practices and expectations, and the feeling of security that the social protection system is a reliable source of support when a person is less competitive or unable to perform in the regular labour market.

In order to embark into reforms of the social security systems there is a strong need for society to adapt social institutions and public policies in view to enhance the quality of life and well-being of people over the life course. And, there is a strong need for the response shifts so that individuals realign their life style and expectations in competitive, flexible labour market and ageing social environment.

Changes in one's internal standards (recalibration), changes in one's values (reprioritization) and redefinition of ability (reconceptualization) are a process in people's lives as they grow (old). This life course perspective both with respect to expectations and capacity for adaptation needs to be built into public policies in general, and into family- friendly and age-friendly policies in particular.

Selected references

- Avramov D. (2002) *People, Demography and Social Exclusion*, Strasbourg: Council of Europe Publishing
- Avramov, D., M. Maskova (2003) *Active Ageing in Europe*, Strasbourg: Council of Europe Publishing
- Avramov, D., R.L. Cliquet (2005), *Integrated Policies on Gender Relations, Ageing and Migration in Europe: Lessons from the Network for Integrated European Population Studies (NIEPS)*. CBGS Publications. Antwerpen-Apeldoorn: Garant.
- Avramov D. Needs for policy adaptation and reform: setting the stage for population friendly policies in Höhn, C. ed. *Population Policy Acceptance Study – The Viewpoint of Citizens and Policy Actors Regarding the Management of Population Related Change, forthcoming*