



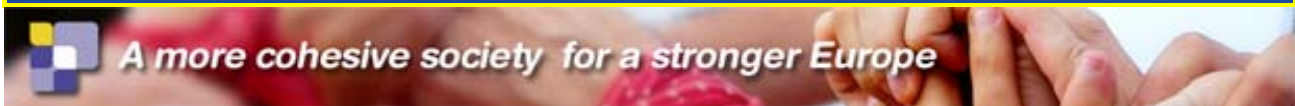
[1] Demography and social situation in the EU: the big picture

The European Union is facing unprecedented demographic changes that will have a major impact on the whole of society. Figures in the Green Paper on Demographic Change show that from now until 2030, the EU will be short of 20.8 million (6.8%) people of working age. In 2030, roughly two active people (15-65 years old) will have to take care of one inactive person (65+). And Europe will have 18 million children and youth less than today. How will this affect us and what should we do about it?

■ What are the main demographic and social features of the European Union?

- **Raising life expectancy.** People are living longer and older people are enjoying better health. By 2030, the number of “older workers” (aged 55 to 64) will have risen by 24 million as the baby-boomer generation become senior citizens and the EU will have 35 million citizens aged over 80 (compared to 19 million today). Average life expectancy at 60 has risen five years since 1960 for women and nearly four years for men. The number of people 80+ will grow by 180% by 2050.
- **Low fertility rate.** The EU's fertility rate fell to 1.5 children per woman in 2003, below the 2.1 level needed to replace the population. The paper shows that the EU's population will fall from 469.5 million in 2025 to 468.7 million in 2030. By contrast, the US population will increase by 25% between 2000 and 2025. However, demographic decline is already here: in one third of the EU regions and in almost all of the regions of the Member States which have joined the EU since 2004, the population is already falling.
- **Ageing work force.** From 2005 to 2030, the number of people 65+ will rise by 52% (40 million), while the age group of 15-64 will decrease by 7% (21 million). The ratio of dependent young and old people to people of working age will increase from 49% in 2005 to 66% in 2030. To offset the loss of working-age people, the EU will need an employment rate of over 70% from the current 64%.
- **Social cohesion.** On average, 16% of the EU population were at risk of poverty in 2003, i.e. living in households with an ‘equivalised disposable income’¹ below 60% of the median equivalised income of the country they live in. Using 2003 as a benchmark, this means that around 72 million citizens are considered as at risk of poverty in the EU25. However, this situation masks considerable differences across Member States and population groups (children, women, migrants, elderly, disabled people, etc.). Furthermore, some 10% of Europeans on average live in jobless households.

¹ The Equivalised disposable income is defined as the household's total disposable income divided by its “equivalent size”, to take account of the size and composition of the household, and is attributed to each household member.



■ To what extent do these features have an impact our economic and social organisation?

These demographic and social changes have major implications for our prosperity, living standards and relations between the generations.

For instance, the report from the High Level Group chaired by former Dutch Prime Minister Wim Kok emphasised the importance of the demographic challenge for the Lisbon Strategy: an ageing population could cause potential annual growth in GNP in Europe to fall from 2.0-2.25% today to 1.25% in 2040, with all that that entails for entrepreneurship and initiative in our societies.

Europeans are increasingly aware of the situation. A Special Eurobarometer survey *European Social Reality* from 2006 finds that only 41% of Europeans believe that their personal situation will improve over the next five years. The following were mentioned as main issues of concern:

- 36% quote unemployment as the most frequently voiced concern;
- 35% mention the cost of living;
- 30% are concerned about pensions.

■ Who is responsible for social policies?

Many issues associated with demographic change fall within the exclusive competence of the Member States or their regional authorities, or social partners. But these are also urgent issues of common interest to which all the Member States need to respond.

■ What can the EU do?

The EU is a key player in building a social Europe. To do this, it can:

- Adopt legislation setting out minimum standards in employment law, working conditions, health and safety, non-discrimination and gender equality, to ensure individuals throughout the EU enjoy a common level of protection;
- Agree with Member States common EU objectives, supervise how they converge towards these objectives against commonly agreed indicators and benchmarks and foster the transfer of best practice;
- Provide additional financial support for employment and inclusion policies through, for example, the European Social Fund (ESF) and other programmes;
- Facilitate cooperation and dialogue with key actors, including social partners and organisations representing civil society.

■ The EU Social Protection Social Inclusion Process

Through the EU Social Protection and Social Inclusion Process, the European Union coordinates and encourages Member State actions to combat poverty and social exclusion, and to reform their social protection systems on the basis of policy exchange and mutual learning. As such, it underpins the achievement of the Union's strategic goal of sustained economic growth, more and better jobs, and greater social cohesion by 2010.