

# ▶ Demography

## Table of abbreviations

EE	Eastern Europe
NEET	Neither in employment nor in education or training
SEE	South-Eastern Europe

# Introduction

by Klaus Welle and Vít Novotný

The European welfare state is being challenged by new realities. People's outlooks on life have changed dramatically over the past decades, including their views on religion, the family and work. The consequences of these societal changes include rising life expectancies and stagnating fertility rates that are insufficient for the natural increase of the population. Humanity's efforts to curtail overpopulation and increase longevity have caused the ageing of our societies, a trend that has been under way for decades.

Our institutions and policies are not ready for these developments. National social security systems lack sustainable funding. Labour market rules are lagging behind the needs of the ageing societies, and these rules do not capitalise on the experience that older workers can bring in. In general, pronatalist policies in the form of cash transfers to young families have not fulfilled their objective. The EU's population has been growing only thanks to immigration from outside the bloc, but family reunification—the most frequent type of EU-bound immigration—has not improved the ratios of workers to non-workers. In Southern and Eastern Europe and in many regions elsewhere on the continent, depopulation and emigration are compounding the problems caused by ageing. Moreover, the Covid-19 pandemic has contributed to a worsening of mental health. This has impacted young people with particular severity, keeping them out of schools and jobs.

To mitigate the effects of population ageing and the other phenomena mentioned, it is incumbent on the EU's national governments to create institutional environments that increase human capital and make it easier for women and men to both pursue a career and raise a family. As for the numbers of children born, the fact that fertility rates in some EU countries are higher than in others suggests the crucial importance of national social policies. It used to be assumed that a woman who 'stays at home' is more likely to have children than a woman who 'pursues a career.' Contrary to that outdated notion, it now appears that having stable work allows those who wish to have children to choose to do so.

Health care, affordable housing and lifelong learning have become crucial for maintaining the well-being of the population and a productive labour force. The participation of women, older people, young people and immigrant groups in the labour market must be increased. The state pension age should be increased, albeit with elements of flexibility to allow for individual choice. Finally, innovative solutions are needed to address both depopulation in some countries and areas and the growing regional imbalances within the EU.

# Forging a Productive and Child-Friendly Society

by Daniela Vono de Vilhena

## Summary

Developing effective policies that lead to productive and child-friendly societies requires an understanding of how various factors such as health, socio-economic background and education influence individuals' lives from birth. Recognising that challenges such as delayed transitions to stable employment, housing and family life are interlinked allows policymakers to design interventions that address root causes and provide sustainable support. For example, access to affordable childcare leads to better child development, while also improving parents' likelihood of being employed and enhancing their work–life balance. It can also alleviate long-term socio-economic disadvantages for all. By considering these interconnected factors, policymakers can create a comprehensive framework that supports individuals and their families at every stage of their lives, fostering resilient and equitable societies.

**Keywords** Independence – Housing – Employment – Education – Entrepreneurship – Equality – Well-being

## Introduction

Taking a life-course perspective, this contribution provides insights into the latest evidence on concrete policies that contribute to achieving productive and child-friendly societies. It focuses on three main recommendations: (1) young people should have stable, productive and independent lives at an early age; (2) governments should provide public services and infrastructure to enable the working-age population to thrive; and (3) authorities should invest in human capital from preschool age onwards.

## Ensuring young people have a stable, productive and independent life at an early age

In general, young people today are taking longer than previous generations to leave home, find stable employment, live with a partner and possibly have children. This is a multidimensional issue with multiple interrelated causes, such as educational attainment, migration background, labour market integration, access to housing<sup>1</sup> and psychological independence.<sup>2</sup>

Promoting independence in young adulthood is a challenge for most European countries to varying degrees, and an urgent necessity in the context of labour and skills shortages. Despite significant reductions in unemployment rates and the percentage of young people not in employment, education or training over the past decade, many jobs remain poorly paid, while the cost of living remains high. This combination makes it difficult for young people to achieve a decent and stable life.

Access to housing is particularly challenging today and is associated with a higher likelihood of young people feeling excluded from society.<sup>3</sup> Young people see access to housing as an important step towards autonomy, security and stability, and as a means of socialisation.<sup>4</sup> Research also suggests that while living with parents

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<sup>1</sup> A. F. Castro Torres and C. R. Ramos, 'Social Classes and Transition to Adulthood in Spain', *Perspectives Demographiques* 34 (2024).

<sup>2</sup> A. Berrington et al., *Becoming an Adult in Europe. It's Time to Provide More Cross-Sectorial Support to Young People*, Population Europe, Population & Policy Compact 13 (Berlin, 2017).

<sup>3</sup> Eurofound, *Becoming Adults: Young People in a Post-Pandemic World* (Luxembourg, 2024).

<sup>4</sup> M. Pape, *Social and Youth Housing in the EU*, European Parliamentary Research Service, Briefing PE 757.653 (February 2024).

for a short period of time can be helpful in terms of saving money and promoting career development, it can also be as detrimental to future employment prospects as being long-term unemployed.<sup>5</sup>

In addition, transitions to housing independence are becoming increasingly non-linear. Once young adults leave the parental home, they are more likely to return during young adulthood than they were in the past, a phenomenon known as boomerang children.<sup>6</sup> Economic and mental health issues are the main reasons for this trend.

Therefore, creating stable and sustainable policies and subsidies to promote housing independence among young people should be a priority for European countries. Social housing and social rent programmes for young people are most often organised by regional governments and municipalities, but these programmes can receive funds from the EU.<sup>7</sup> It is important (1) to promote more dialogue on the issue between EU institutions, national and local government bodies; (2) that the duration of any benefit provided is stable and long enough to avoid homelessness or a return to the parental home; and (3) that the age groups covered by any benefit reflect the realities of different countries. According to the latest available data from Eurostat, the average age of leaving the parental home in the EU ranges from 31.8 years in Croatia to 21.3 years in Finland.

Achieving financial independence is crucial for young people to lead stable, productive and independent lives from an early age. The labour market remains largely insecure for the younger generation.<sup>8</sup> Younger workers are more likely to be employed on non-standard, flexible contracts than in permanent, open-ended employment relationships.<sup>9</sup> It is important to incentivise employers to value and attract more young people by offering attractive salaries and job stability, flexible working conditions and a work–life balance.

There is strong evidence to support these recommendations. For example, the results of a survey of around one million students and young professionals conducted each year by Universum Communications Sweden AB and summarised in its *World's Most Attractive Employers* reports,<sup>10</sup> found that attributes such as work–life balance and flexible working conditions have become significantly more important to young professionals, particularly in fields such as engineering and information technology. It is not just about job characteristics but about what individuals consider to be a good life.<sup>11</sup>

The promotion of hybrid and flexible forms of employment and entrepreneurship should be pursued, but without compromising job stability and security. Studies examining the consequences of working from home during and after the Covid-19 pandemic tend to suggest negative outcomes for workers if the well-being and career progression of individuals are not considered.

For example, Kasperska et al.<sup>12</sup> found that employees working from home were less likely to receive promotions, pay increases or access to training opportunities than those working in the office. Interestingly, they found that these disadvantages were particularly true for men and women without children, but not for mothers. A survey among human resources managers and employees conducted by Eurofound in 2023 found that those

<sup>5</sup> A. Saydam and K. Raley, 'Slow to Launch: Young Men's Parental Coresidence and Employment Outcomes', *Journal of Marriage and Family* 86/4 (2024).

<sup>6</sup> J. Stone, A. Berrington and J. Falkingham, 'Gender, Turning Points and Boomerangs: Returning Home in Young Adulthood in Great Britain', *Demography* 51/1 (2013).

<sup>7</sup> Pape, *Social and Youth Housing in the EU*.

<sup>8</sup> Eurofound, *Becoming Adults*.

<sup>9</sup> L. Rouvroye et al., 'Employers' Views on Flexible Employment Contracts for Younger Workers: Benefits, Downsides and Societal Outlook', *Economic and Industrial Democracy* 43/4 (2022).

<sup>10</sup> Universum, *World's Most Attractive Employers: Top Trends and Aspirations for 2024*.

<sup>11</sup> J. Erola, M. C. Mills and H. Solga, *Beyond Education and Training – How Can We Adapt to Future Needs of Local Labour Markets?*, Population Europe, Population & Policy Brief 42 (Berlin, 2023).

<sup>12</sup> A. Kasperska, A. Matysiak and E. Cukrowska-Torzewska, 'Managerial (Dis)Preferences Towards Employees Working From Home: Post-Pandemic Experimental Evidence', *PLOS ONE* 19/5 (2024).

who regularly work from home tend to work longer hours than required by their employment contract.<sup>13</sup> In addition, working from home in isolation is a risk factor for young people’s mental health. Supporting young workers to prevent stress, isolation and anxiety is important in this context.<sup>14</sup>

In terms of entrepreneurship, young adults are much less likely to be self-employed than adults overall. According to a joint publication by the OECD and the European Commission, there are many reasons for this, including a lack of or limited skills, financial resources and credit history; experience in the labour market to start a business, and access to business networks. More public support is needed to increase the number of young people who want to start their own successful business in Europe, particularly in terms of access to finance, training and mentoring opportunities.<sup>15</sup> Greater simplification of procedures and guidance on how to start and develop a business could also increase young people’s participation in entrepreneurship.

## Providing public services and infrastructure for the working-age population to thrive

The impact of having children on adults’ careers—also known as the child penalty—has been extensively studied in recent decades. There is clear evidence that, in most countries, men and women tend to have similar career trajectories before parenthood, but these change significantly after they become parents.<sup>16</sup> Mothers also tend to be paid less than childless women, which is known as the motherhood wage gap or motherhood wage penalty. In Europe, the pay gap is smallest in the Nordic countries, Belgium and France, due to public policies promoting gender equality and work–life balance; it is largest in Central and Eastern European and Anglo-Saxon countries.<sup>17</sup>

A recent study suggests that family policies should be seen as life-course policies: without them, mothers’ poverty risks increase over time. Leave policies, childcare policies and child-benefit policies play different roles at different stages of the life course, and all are necessary to promote positive outcomes for children and their working-age parents.<sup>18</sup>

Governments and businesses are already well aware of labour shortages, a situation that is set to worsen as the baby-boomer generation begins to retire. Ensuring that having children does not disadvantage women in their careers is important not only from a gender-equality perspective, but also to ensure Europe’s competitiveness and a strong and sufficient labour force. There is a large gap between the hours women say they want to work and the reality of the labour market. Both governments and employers need to make it easier for women to participate in the labour force and to work as many hours as they want. To this end, tax incentives (and the removal of tax disincentives) are crucial. In Germany, for example, current tax rules mean that working more is not always financially worthwhile for many women.<sup>19</sup>

In addition, promoting the use of parental leave by fathers and a generally greater involvement of men in care and family life is essential to support women’s working lives. For example, an interesting study using longitudinal data from the Millennium Cohort Study in the UK shows that fathers’ involvement in childcare

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<sup>13</sup> Eurofound, *Right to Disconnect: Implementation and Impact at Company Level* (Luxembourg, 2023).

<sup>14</sup> D. Vono de Vilhena et al., *Towards a Brighter Future for Younger People: Lessons Learned From the Berlin Demography Days 2022*, Population Europe, Population & Policy Brief no. 36 (Berlin, 2022).

<sup>15</sup> OECD and European Commission, *Policy Brief on Recent Developments in Youth Entrepreneurship*, OECD SME and Entrepreneurship Papers, no. 19 (Paris, 2020).

<sup>16</sup> H. Kleven, C. Landais and G. Leite-Mariante, *The Child Penalty Atlas*, National Bureau of Economic Research, Working Paper no. 31649 (2023).

<sup>17</sup> E. Cukrowska-Torzewska and A. Matysiak, ‘The Motherhood Wage Penalty: A Meta-Analysis’, *Social Science Research* 88–9 (2020).

<sup>18</sup> H. Zagel and W. Van Lancker, ‘Family Policies’ Long-Term Effects on Poverty: A Comparative Analysis of Single and Partnered Mothers’, *Journal of European Social Policy* 32/2 (2022).

<sup>19</sup> M. Fratzscher, ‘Frauen brauchen endlich bessere Rahmenbedingungen’, *DIW Berlin*, 19 July 2024.

has a positive impact on mothers' return to work both at nine months and at three years after childbirth. In some cases, this involvement is more influential than the mother's occupational class or the number of hours that the father works.<sup>20</sup> In terms of concrete policies, one of the most effective options for maintaining and/or increasing mothers' participation in paid work seems to be the introduction of non-transferable paternity leave policies.<sup>21</sup>

Universal child benefits are another tool that can be used to support the working-age population. Their provision is considered a 'foundational policy for child and social development' and their impact on providing economic stability to families, supporting child development and reducing child poverty has been well documented.<sup>22</sup> They involve the provision of universal child or family allowances on a regular basis, as a cash or tax transfer, to the primary carer for dependent children for at least 10 years.<sup>23</sup>

Finally, health and well-being matter. Investment in healthcare and access to housing are important ways of ensuring the productivity of working-age citizens. Europe is facing the ageing of its population, and voices in the European Commission are already calling for a positive approach to demographic change. Embracing the concept of 'longevity societies' invites us to reap the benefits of longer lives by changing the way we age. Specifically, it means shifting our health focus to delaying the negative effects of ageing,<sup>24</sup> which means investing in preventative health systems.

With regard to housing, studies show that adequate housing is not only fundamental for social justice, but also essential for most people for a variety of reasons, from preventing health problems related to poor living conditions, such as infectious, respiratory or chronic diseases and mental health conditions,<sup>25</sup> to taking major further steps in life, such as having a first child.<sup>26</sup>

## Increasing and improving human capital investment in children and adolescents

Disparities in learning and achievement are often established before children begin formal schooling, and are strongly associated with children's socio-economic status. These early inequalities tend to persist if not properly addressed and are difficult to overcome throughout an individual's educational pathway.<sup>27</sup> Increasing the supply of and facilitating access to high-quality preschool education is a recommendation often mentioned in European policy frameworks, such as the European Pillar of Social Rights and the European Child Guarantee, and many member states are currently investing in this area.

It is also important to note that the availability of preschool education is key to allowing mothers to re-enter the labour market. For example, a report by the European Commission's Joint Research Centre<sup>28</sup> suggests

<sup>20</sup> J. B. Henry et al., 'Fatherhood Matters: An Integrative Review of Fatherhood Intervention Research', *The Journal of School Nursing* 36/1 (2020).

<sup>21</sup> G. Eydal and T. Rostgaard, 'Childcare by Fathers in the Context of Active Father-Oriented Policies', in M. Daly et al. (eds.), *The International Handbook of Family Policy: A Life Course Perspective* (Oxford: Oxford University Press, 2022); A. Dunatchik and B. Özcan, 'Reducing Mommy Penalties With Daddy Quotas', *Journal of European Social Policy* 31/2 (2021).

<sup>22</sup> ILO, UNICEF and Learning for Well-Being Institute, *The Promise of Universal Child Benefits: The Foundational Policy for Development* (Geneva, 2024), 1.

<sup>23</sup> Overseas Development Institute and UNICEF, *Universal Child Benefits: Policy Issues and Options* (London, 2020).

<sup>24</sup> A. J. Scott, 'The Longevity Society', *The Lancet Healthy Longevity* 2/12 (2021).

<sup>25</sup> J. Krieger and D. L. Higgins, 'Housing and Health: Time Again for Public Health Action', *American Journal of Public Health* 92/5 (2022); WHO, *WHO Housing and Health Guidelines* (Geneva, 2019).

<sup>26</sup> M. Bujard and M. Scheller, 'Impact of Regional Factors on Cohort Fertility: New Estimations at the District Level in Germany', *Comparative Population Studies*, 42 (2017); L. Mencarini, *Is It All About Happiness? The Latest Evidence on Wellbeing and Childbearing Decisions in Europe*, Population Europe, Population & Policy Compact 22 (Berlin, 2019).

<sup>27</sup> L. Panico and L. Washbrook, *What Will Narrow Inequalities in Child Development Before School Entry?*, Population Europe, Policy Brief no. 38 (Berlin, 2022).

<sup>28</sup> E. Narazani et al., *The Impact of Alternative Childcare Policies on Mothers' Employment for Selected EU Countries*, European Commission Joint Research Centre Working Papers on Taxation and Structural Reforms no. 08/2022 (Seville, 2022).

that increasing the coverage of early childhood education and care to 50% for children under three could significantly increase the female labour supply. The study estimates that this change would lead to an increase in the labour supply ranging from 2% in Portugal to 32% in Hungary.

Although early childhood education and care generally benefits children’s long-term learning outcomes, very recent research looking at the Nordic countries has found that it does not compensate for the performance of children with a low socio-economic status.<sup>29</sup> According to the European Commission’s *Education and Training Monitor 2022 Comparative Report*, ‘young people from disadvantaged socio-economic backgrounds are almost six times more likely to underachieve at age 15 than those from advantaged socioeconomic backgrounds, suggesting a strong intergenerational transmission of educational disadvantage’.<sup>30</sup> This implies that tackling disparities in school performance should not only be better addressed in the early years, but should continue throughout primary and secondary education.

In addition, raising the minimum age of school-leaving to when pupils earn a secondary degree is a necessary step to reduce the share of early leavers from education and training. The EU target is to reduce the number of early school leavers in Europe to below 9% by 2030,<sup>31</sup> which many member states have already achieved; however, 11 countries are still lagging behind according to the latest Eurostat data.<sup>32</sup>

The teaching of social and emotional skills in schools should also be promoted because of its positive impact on children in the short and long term. A study by Sorrenti et al.<sup>33</sup> examined the causal impact of socio-emotional skills training implemented in a number of schools in Switzerland in 2005 on the educational attainment of the children exposed to the training. This intervention, the Promotion of Alternative Thinking Strategies, consisted of weekly lessons and homework that were added to the curriculum in primary schools.

The results indicated, for example, that four years after taking part in the intervention, children were 4.4 percentage points more likely to be enrolled in academic secondary school (*Gymnasium*). As these children grew older, the researchers found that the positive effects of participating in this socio-emotional training continued: they were 7.1 percentage points more likely to complete academic secondary school than those who did not participate in the intervention. Finally, 15 years after taking part in the intervention, individuals were 6.5 percentage points more likely to be attending or have completed university.

Finally, it is important to emphasise the need to design policies that do not penalise under-resourced pupils and at the same time allow mothers to work full-time. This includes insisting on full-time schooling, providing affordable school meals, offering help with homework, organising extracurricular activities during school hours and reducing the length of school holidays.

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<sup>29</sup> M. Laaninen, N. Kulic and J. Erola, ‘Age of Entry Into Early Childhood Education and Care, Literacy and Reduction of Educational Inequality in Nordic Countries’, *European Societies* 1–30 (2024).

<sup>30</sup> European Commission, Directorate-General for Education, Youth, Sport and Culture, *Education and Training Monitor 2022 Comparative Report* (Luxembourg, 2022), 4.

<sup>31</sup> A. Bertolotti, *Forecasting Progress Towards the EU-Level Targets of the European Education Area* (Luxembourg, 2023).

<sup>32</sup> Eurostat, ‘Early Leavers From Education and Training’ (May 2024).

<sup>33</sup> G. Sorrenti et al., ‘The Causal Impact of Socio-Emotional Skills Training on Educational Success’, *The Review of Economic Studies* (2024).



	<b>Programme 1</b>	<b>Programme 2</b>	<b>Programme 3</b>
	<b>Ensuring young people have a stable, productive and independent life at an early age</b>	<b>Providing public services and infrastructure for the working-age population to thrive</b>	<b>Increasing and improving human capital investment in children and adolescents</b>
<b>Project 1</b>	Create stable and sustainable policies and subsidies to promote residential independence among young people.	Ensure that childbearing does not penalise women in the labour market. To this end, regulations are needed that promote work–life balance, the use of parental leave by fathers, and the greater involvement of men in care and family life.	Increase the supply of and facilitate access to high-quality preschool education. This can be done for example, by incentivising companies to build nurseries; increasing the number of hours children are allowed to attend formal childcare; and ensuring an adequate number of teachers, up-to-date pedagogical practices and appropriate age-specific settings.
<b>Project 2</b>	Incentivise companies to attract more young people by offering attractive salaries, flexible working conditions and a work–life balance.	Expand universal child benefits and additional financial support to ensure adequate family income.	Disparities in school performance at the primary and secondary levels should be tackled by supporting under-resourced pupils and disadvantaged schools. Raise the minimum age for school-leaving to when pupils earn a secondary degree. Moreover, social and emotional learning should be also promoted.
<b>Project 3</b>	Encourage hybrid and flexible forms of employment and entrepreneurship without compromising on job stability and security.	Invest in healthcare and access to housing to ensure the well-being and productivity of the population.	Design policies that do not penalise under-resourced pupils and at the same time allow mothers to pursue full-time work. This includes insisting on full-time schooling, offering affordable school meals, providing help with homework, organising extra-curricular activities within school hours and reducing the length of school holidays.

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# Increasing the Labour Participation of Women

by Anna Matysiak and Anna Kurowska

## Summary

Despite having higher education levels, European women participate less in the labour force than men. They often work part-time, earn lower wages and are underrepresented in leadership positions. This disparity, rooted in traditional gender ideologies and institutional barriers, limits the economic and social advancement of European societies, especially amid ageing populations and labour shortages. Women invest more in housework and childcare, face higher caregiving burdens, and endure psychological strain from balancing paid and unpaid work. Policy recommendations include redistributing care responsibilities between women, men, employers and the state and increasing the market value of care work. Furthermore, governments should combat gender-based segregation in the labour market, ensure pay and promotion transparency, and appreciate employee-oriented flexible working arrangements. Finally, it is crucial to address women's health needs throughout their careers. Comprehensive interventions are essential to ensure women's full and sustained employment.

**Keywords** Gender inequalities – Labour market – Care – Employment segregation – Wage gap – Flexible work – Women's health – Policies

## Introduction

Although the education levels of European women are higher than those of men, their participation in the labour force remains lower. Women work part-time more often, earn lower wages and are underrepresented in managerial positions. Additionally, women often outnumber men in lower-paid occupations. This disparity in labour market participation poses multiple challenges. Women's potential, including their human capital and creativity, is not fully utilised, which impedes the economic and social advancement of European societies. This is particularly problematic given the rapid ageing of European populations, which is leading to labour shortages and fiscal pressures. Furthermore, as a consequence of their lower participation in the labour market, women receive lower pensions and are at higher risk of poverty when they become older. It is thus crucial to address gender disparities within the labour market and actively foster women's employment that can be sustained in the long run, that is, enabling the reconciliation of paid work with private life and the integration of diverse professional and life goals. To achieve this, comprehensive policy interventions are needed.

## Gender inequalities and gaps in care

Although the gender gap in domestic work has gradually decreased over the past few decades,<sup>1</sup> women continue to invest significantly more hours in housework and childcare than men do.<sup>2</sup> In the EU, twice as many women as men spend at least five hours every day caring for children.<sup>3</sup> The unequal division of unpaid work, particularly caregiving, limits women's ability to fully participate in paid employment. It also leads to women experiencing greater difficulties in combining paid work with care than men. These difficulties, in turn,

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<sup>1</sup> E. Altintas and O. Sullivan, 'Fifty Years of Change Updated: Cross-National Gender Convergence in Housework', *Demographic Research* 35 (2016), 455–70.

<sup>2</sup> A. Pailhé, A. Solaz and M. Stanfors, 'The Great Convergence: Gender and Unpaid Work in Europe and the United States', *Population and Development Review* 47/1 (2021), 181–217.

<sup>3</sup> European Institute for Gender Equality, *A Better Work–Life Balance: Bridging the Gender Care Gap* (Vilnius, Lithuania, 2023).

result in adverse mental health outcomes for women who balance extensive paid employment with unpaid household labour.<sup>4</sup>

The gender disparities in the division of domestic work are rooted in traditional gender ideologies but are also perpetuated by institutional arrangements that hinder men’s greater engagement in care in the household. In contrast to non-transferable rights (i.e. available to fathers only), shareable parental leave, even if well paid, does not foster a substantially higher use of leave by fathers.<sup>5</sup> Meanwhile, in most European countries, men still have access to much shorter non-transferable paid care-related leave than women.<sup>6</sup>

Another institutional barrier to women’s engagement in employment is the remaining childcare gaps (understood as the period between the end of well-paid parental leave and the minimum age for the child’s legal entitlement to full-time institutional childcare). Only six EU member states do not have a childcare gap,<sup>7</sup> and the number is even lower if real opportunities for high-quality childcare are taken into account. Furthermore, many European countries still do not provide full-time and flexible institutional childcare, which is essential for women’s ability to work full-time.

Finally, gender inequalities and institutional barriers to full-time employment are also faced by women in the later stages of life when elderly care is involved. In 2023 over 20% of inactive but wanting-to-work women aged 20–64 in the EU, compared to just 3% of inactive men in the same age group, were not in paid work due to responsibilities linked to caring for children or for adults with disabilities.<sup>8</sup> But many working women combine paid work with providing care to their elderly parents, and this has negative effects on their psychological well-being, particularly in cases of high-intensity care.<sup>9</sup> These negative consequences, in turn, may impact women’s productivity at work. Working women are disproportionately involved in caring for elderly people across Europe, with the highest gender gaps found in southern and eastern member states, where 30% of women provide care to elderly parents, compared to only 17% of men.<sup>10</sup>

## Gender-based segregation and inequalities in pay

Apart from gender inequalities in care, gender-based segregation significantly contributes to women’s lower participation in the labour market and gender disparities in labour market outcomes. Women work in greater numbers in service jobs, particularly in sales, retail trade, health, social work and education, while men more often work in manufacturing and construction sectors.<sup>11</sup> Women are also heavily underrepresented in the well-paid information, communication and technology sector.<sup>12</sup> Vertical segregation is even stronger, with women making up only one-third of the board members in the largest listed companies in the EU and fewer than 10% holding the highest executive positions.<sup>13</sup> Additionally, women remain underrepresented among political leaders and in top governmental roles.<sup>14</sup>

<sup>4</sup> J. Ervin et al., ‘Gender Differences in the Association Between Unpaid Labour and Mental Health in Employed Adults: A Systematic Review’, *The Lancet Public Health* 7/9 (2022), e775–86. See also M. Gilbert-Ouimet, C. Brisson and M. Vézina, ‘Psychosocial Work Stressors, High Family Responsibilities, and Psychological Distress Among Women: A 5-Year Prospective Study’, *American Journal of Industrial Medicine* 63/2 (2020), 170–9.

<sup>5</sup> A. Koslowski and G. Kadar-Satat, ‘Fathers at Work: Explaining the Gaps Between Entitlement to Leave Policies and Uptake’, *Community Work & Family* 22/2 (2019), 129–45; L. Haas and T. Rostgaard, ‘Fathers’ Rights to Paid Parental Leave in the Nordic Countries: Consequences for the Gendered Division of Leave’, *Community Work & Family* 14/2 (2011), 177–95.

<sup>6</sup> S. Blum et al., *19th International Review of Leave Policies and Research 2023*, International Network on Leave Policies and Research (2023).

<sup>7</sup> European Commission, Eurydice, *Structural Indicators for Monitoring Education and Training Systems in Europe – 2023: Early Childhood Education and Care* (Luxembourg, 2023).

<sup>8</sup> Eurostat, ‘Inactive Population Not Seeking Employment by Sex, Age and Main Reason’, updated 12 September 2024.

<sup>9</sup> E. Labbas and M. Stanfors, ‘Does Caring for Parents Take Its Toll? Gender Differences in Caregiving Intensity, Coresidence, and Psychological Well-Being Across Europe’, *European Journal of Population* 39 (2023), 18.

<sup>10</sup> Ibid.

<sup>11</sup> A. Matysiak and E. Cukrowska-Torzewska, ‘Gender and Labour Market Outcomes’, in N. Schneider and M. Kreyenfeld (eds.), *Research Handbook on the Sociology of the Family* (Edward Elgar Publishing, 2021), 329–41.

<sup>12</sup> OECD, *Joining Forces for Gender Equality: What is Holding Us Back?* (OECD Publishing, 2023), 151.

<sup>13</sup> European Institute for Gender Equality, *Gender Statistics Database* (2021).

<sup>14</sup> OECD, *Joining Forces for Gender Equality*.

Gender-based segregation in employment is driven by different educational choices and strong social norms associating service work with femininity and technical or managerial work with masculinity.<sup>15</sup> Women are less likely to graduate in science, technology, engineering and mathematics subjects and men in health, welfare, business, administration and law.<sup>16</sup> Women often leave male-dominated jobs for other fields, partly due to work cultures that reward long hours and availability beyond standard work hours, which is challenging for women with care obligations.<sup>17</sup> Men avoid female-dominated jobs, likely due, in part, to lower pay. Gender-based segregation may be further exacerbated by feelings of social isolation or experiences of sexual harassment which women are more exposed to in male-dominated fields.<sup>18</sup>

Gender-based segregation is a major reason for the persistence of gender differences in hourly wages.<sup>19</sup> Female-dominated jobs often pay less than male-dominated ones. Other factors contributing to the gender wage gap include women's disproportionate involvement in care (e.g. care-related career breaks, reduction in working hours) and discrimination, which takes place when women and men receive different wages for similar work.<sup>20</sup>

Several reasons explain why female-dominated jobs pay less than male-dominated ones. One is the undervaluation of typical female tasks due to their association with unpaid household chores, such as care.<sup>21</sup> Another is the overvaluation of typical male traits such as power in hierarchically structured organisations.<sup>22</sup> Service work, often done by women, may also be less well paid because it is considered a vocation driven by altruism rather than a desire for profit.<sup>23</sup>

## Cumulative gender inequalities later in life

Childbearing often leads to career breaks for women, and the subsequent childcare responsibilities further reduce their work engagement. These cumulative effects contribute to the disadvantages women face in the labour market later in life. In many European countries, the gender wage gap tends to increase with age until retirement.<sup>24</sup> This growth in pay inequalities may be attributed to both the lower mobility of women between companies and their lower chances of being promoted within firms as compared to men. With rapidly ageing societies, more and more women will face increased care responsibilities later in life, which may contribute to the further aggravation of their disadvantageous position in the labour market.

Furthermore, women, unlike men, undergo serious health-related changes in later life due to their menopausal transition. Studies estimate that between 20% and 40% of menopausal women experience adverse health symptoms that negatively impact the quality of both their personal and work lives.<sup>25</sup> These negative effects are

<sup>15</sup> A. Matysiak, W. Hardy and L. van der Velde, 'Structural Labour Market Change and Gender Inequality in Earnings', *Work, Employment and Society* (2024).

<sup>16</sup> OECD, *Education at a Glance 2022: OECD Indicators* (Paris, 2022), 170.

<sup>17</sup> Y. Cha, 'Overwork and the Persistence of Gender Segregation in Occupations', *Gender & Society* 27/2 (2013), 158–84.

<sup>18</sup> S. Das, A. Kotikula and E. Carranza, *Gender-Based Employment Segregation: Understanding Causes and Policy Interventions*, World Bank, Jobs Working Paper no. 26 (Washington, DC, 2019), 26–7.

<sup>19</sup> F. D. Blau and L. M. Kahn, 'The Gender Wage Gap: Extent, Trends, and Explanations', *Journal of Economic Literature* 55/3 (2017), 789–865; D. Leythienne and P. Ronkowski, 'A Decomposition of the Unadjusted Gender Pay Gap Using Structure of Earnings Survey Data', Eurostat Statistical Working Papers (Luxembourg, 2018).

<sup>20</sup> Matysiak and Cukrowska-Torzewska, 'Gender and Labour Market Outcomes'.

<sup>21</sup> P. England, M. Budig and N. Folbre, 'Wages of Virtue: The Relative Pay of Care Work', *Social Problems* 49/4 (2002), 455–73.

<sup>22</sup> R. E. Freeland and C. E. Harnois, 'Bridging the Gender Wage Gap: Gendered Cultural Sentiments, Sex Segregation, and Occupation-Level Wages', *Social Psychology Quarterly* 83/2 (2020), 129–51.

<sup>23</sup> P. England, 'Emerging Theories of Care Work', *Annual Review of Sociology* 31 (2005), 381–99.

<sup>24</sup> OECD, *Joining Forces for Gender Equality: What is Holding Us Back?* (2023), 174–5.

<sup>25</sup> C. Hardy et al., 'Work Outcomes in Midlife Women: The Impact of Menopause, Work Stress, and Working Environment', *Women's Midlife Health* 4/3 (2018); B. Ayers and M. S. Hunter, 'Health-Related Quality of Life of Women With Menopausal Hot Flashes and Night Sweats', *Climacteric* 16/2 (2013), 235–9.



not only due to menopausal symptoms but also due to embarrassment and concern about the reactions of others.<sup>26</sup> It has been shown that negative menopausal effects are reported no matter which type of occupation women perform.<sup>27</sup>

## Policy recommendations

Care should no longer fall solely to women but be shared equally between women and men. To achieve this goal, the support of both the state and employers is needed. Society, including employers, must see men as no less responsible or capable than women for caring. To become more engaged in childcare, fathers need to have access to well-paid non-transferable childcare-related leave.<sup>28</sup> Studies show that non-transferable leave quotas for fathers have positive effects on gender equality in labour market outcomes.<sup>29</sup> Fully paid non-transferable leave for fathers, equal in length to maternity leave, would be an ideal solution, providing not only equality of rights to care for both parents but also financial sustainability and a strong symbolic message that care is as valuable as paid work. Policies should not only encourage fathers' involvement in childcare but also promote men's participation in care over the entire life course, including elderly care. Furthermore, following the European Commission's European Care Strategy, European states should also ensure access to full-time, affordable and flexible institutional childcare and elderly care. All European states should close childcare gaps. Institutional flexible and affordable long-term care services should also be developed along with childcare, as growing demand for these services is expected as a result of rapidly ageing societies. Finally, employers should facilitate work–life balance by offering employee-oriented flexible working arrangements with pay and promotion opportunities equal to standard work arrangements.

Increasing the participation of women in the labour force also requires equal career opportunities for women and men. To this end, it is pivotal to reduce gender-based segregation in the labour market by both increasing the presence of women in leadership positions and encouraging women and men to enter sectors and occupations traditionally dominated by the opposite gender. Like the OECD<sup>30</sup> and World Bank,<sup>31</sup> we recommend multidimensional actions implemented from early educational stages. These may include supporting gender-neutral teaching materials and providing training for teachers on how to avoid perpetuating gender stereotypes. Encouraging more men to enter the education field (especially to teach at the pre-primary and primary levels) is also needed to present diverse role models and more effectively meet the different needs of boys and girls.<sup>32</sup> Furthermore, policies should support workplace environments that accommodate the diverse needs of women and men and provide them with opportunities to excel. Instead of promoting a culture of excessive devotion to work, such as long hours and constant availability, workplaces should prioritise work–life balance and employees' mental well-being (e.g. through the flexible organisation of work, task sharing and respecting the need for time off work) and foster employees' inclusion (e.g. through penalising sexual and other types of harassment and providing training on gender sensitivity).<sup>33</sup> Furthermore, increasing remuneration in female-dominated professions that require the same or similar skills as male-dominated ones may help attract men

<sup>26</sup> M. J. Smith et al., 'Men and Women's Perceptions of Hot Flashes Within Social Situations: Are Menopausal Women's Negative Beliefs Valid?', *Maturitas* 69/1 (2011), 57–62; M. S. Hunter and K. Liao, 'A Psychological Analysis of Menopausal Hot Flashes', *British Journal of Clinical Psychology* 34/4 (1995), 589–99.

<sup>27</sup> S. D'Angelo et al., 'Impact of Menopausal Symptoms on Work: Findings From Women in the Health and Employment After Fifty (HEAF) Study', *International Journal of Environmental Research and Public Health* 20/1 (2022), 295.

<sup>28</sup> J. Ekberg, R. Eriksson and G. Friebel, 'Parental Leave – A Policy Evaluation of the Swedish "Daddy-Month" Reform', *Journal of Public Economics* 97 (2013), 131–43; A.-Z. Duvander and M. Johansson, 'What Are the Effects of Reforms Promoting Fathers' Parental Leave Use?', *Journal of European Social Policy* 22/3 (2012), 319–30.

<sup>29</sup> A. Patnaik, 'Reserving Time for Daddy: The Short and Long-Run Consequences of Fathers' Quotas', *Journal of Labor Economics* 37/4 (2019), 1009–59.

<sup>30</sup> OECD, *Joining Forces for Gender Equality*, 13–14.

<sup>31</sup> Das, Kotikula and Carranza, *Gender-Based Employment Segregation*, iv–vii.

<sup>32</sup> For more details see OECD, *Joining Forces for Gender Equality*, 109–12.

<sup>33</sup> For more details see Das, Kotikula and Carranza, *Gender-Based Employment Segregation*, vi, 26–28.

into these occupations and combat gender differences in pay. Such actions should diminish gender differences in pay gaps in the long run. Last but not least, efforts are needed to ensure equal opportunities for women and men in equivalent positions. The EU Pay Transparency Directive is a good step in this direction. Next steps could incorporate promoting transparency in hiring and promotion practices.

Finally, increasing women’s participation in the labour market requires investment in their human capital, including skills and physical and mental health. Adapting work environments to women’s health needs is crucial to maintaining higher productivity and preventing workforce withdrawal. Such actions should extend beyond pregnancy and maternity, encompassing a comprehensive understanding of women’s health needs at various life stages, including menstruation and menopause. The European Menopause and Andropause Society guidelines emphasise the need for supportive workplace environments, including flexible working hours, improved access to health services, and increased awareness among employers to help mitigate the negative impact of direct and indirect menopausal symptoms on women’s quality of life and work performance. Workplaces should support employees’ access to medical services and offer periodic high-quality health evaluations. Finally, skill enhancement programmes are needed that are tailored to women in their mid-career stages, given women’s susceptibility to skill depreciation due to care-related career breaks and their higher prevalence in positions at risk of automation.



	<b>Programme 1</b>	<b>Programme 2</b>	<b>Programme 3</b>
	<b>Redistributing care responsibilities between parents, the welfare state and employers</b>	<b>Fostering gender equality in professional careers and pay</b>	<b>Improving the ability of women to remain active in the labour market longer</b>
<b>Project 1</b>	Foster men’s involvement in child and elderly care, for example, by ensuring access for men and women to equally paid care leave and promoting men’s engagement in care through social campaigns.	Reduce gender segregation in occupations, particularly by encouraging women’s entry into science and technology and men’s uptake of traditionally female-dominated jobs.	Adapt work conditions to women’s health needs at various life stages, extending the focus beyond periods of pregnancy and early childbearing to encompass menstruation and menopause.
<b>Project 2</b>	Advance full-time, flexible, high-quality and affordable child and elderly care.	Increase the share of women in managerial positions by ensuring both transparent promotion processes and working conditions that encourage a work–life balance in such positions.	Facilitate access to preventative healthcare through workplace environments.
<b>Project 3</b>	Incentivise employers to create conditions that facilitate work–family balance and ensure equal treatment of those working flexibly with those in standard working arrangements.	Ensure equal pay for women and men in equivalent positions by ensuring transparency of pay across all EU member states.	Develop skill enhancement programmes tailored, in particular, to women in the middle stages of their careers, enabling them to adapt to rapid technological changes in the labour market.

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# Boosting the Participation of Both Young and Older People

by Arnstein Aassve

## Summary

Increasing work participation among both younger and older populations is crucial for sustaining Europe’s welfare systems and improving competitiveness. The ‘radical change’ Europe requires, according to Mario Draghi, includes achieving higher participation rates. Reducing the number of young people neither in employment nor in education or training cannot come solely through reliance on current Youth Guarantee policies; educational systems need reforms that prioritise investment, inclusion and lifelong learning. Additionally, with rising longevity, pension systems face growing pressure. While increasing the retirement age seems politically difficult, a promising solution lies in the introduction of flexible pension schemes, allowing individuals to work longer if desired while ensuring equitable protection for those opting to retire at the statutory age. A key point here is that these policy challenges have emerged gradually over decades and will have enduring consequences: the required long-term policy reforms must be removed from the short-term political cycles, as future generations will need to be able to rely on stable policies, no matter which political party is in office.

**Keywords** Youth participation – Ageing and retirement – Policy cycle

## Introduction

European welfare systems were established during a time when Europe’s demographic landscape was vastly different from that of today. Fertility rates were significantly higher, and life expectancy was lower, which made the pay-as-you-go pension system more sustainable. However, populations across Europe are now ageing, as individuals live longer and healthier lives, while fertility rates continue to decline.

To address this demographic shift, increasing labour market participation is essential as a means to compensate for the growing number of retirees and persistently low birth rates. The available policy levers are well known, though not all will provide immediate solutions to the ageing population challenge. There is no single solution: the issue must be tackled through a range of policy responses, including those on migration, enhanced productivity through technological innovation and—though not effective in the short term—efforts to raise fertility rates.

Additionally, one crucial policy direction has the potential for a significant impact if properly focused and implemented. The EU has vast untapped potential in both its youth and older age groups. This paper outlines strategies to enhance participation among these demographics, identifies the policy challenges and suggests potential solutions.

## Youth participation

As highlighted in Mario Draghi’s recent report, the future competitiveness of Europe will, in part, depend on achieving significant advancements in technological innovation, which must be translated into job creation and the development of industries capable of competing on the global stage.<sup>1</sup>

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<sup>1</sup> M. Draghi, *The Future of European Competitiveness. Part A: A Competitive Strategy for Europe* (September 2024).

The demographic profile of the EU presents significant challenges.<sup>2</sup> For the first time in human history, the traditional age-pyramid of Europe is no longer a pyramid. Rather, it has turned upside down to resemble a mushroom shape: the proportion of older individuals has increased dramatically—outnumbering the youth cohorts. In other words, in the inverted age-pyramid of 2024, there are few young people and an abundance of baby boomers nearing retirement: European pension systems will be put under tremendous strain.

But perhaps even more worrying is that among the shrinking cohort of young people aged 15 to 29, the number of those neither in employment nor in education or training (NEET) stood at 11.2% in 2023. This represents a dramatic number of inactive people. There are, however, substantial variations across EU member states. The NEET rate in 2023 ranged from 4.8% in the Netherlands to 19.3% in Romania. Significant regional disparities also exist within countries. For example, in 2020, the NEET rate in the Italian region of Trentino was 13.5%, while in Sicily it reached a peak of 37.5%.

The concept of NEET gained prominence following the 2008 economic recession. In response, significant policy initiatives were implemented, most notably through the Youth Guarantee, which was further strengthened in 2020.<sup>3</sup> However, despite these efforts, the financial burden of NEETs remains substantial. Eurofound has estimated,<sup>4</sup> for the year 2021 alone, the cost of foregone earnings and excess welfare transfers to be a staggering €141 billion. Moreover, despite the introduction of the Youth Guarantee, the estimated cost over the past decade has not seen a significant decline.

Despite declining since 2008, the persistence of NEETs is not favourable for European competitiveness. Becoming a NEET significantly compromises an individual's chances of gaining a foothold in the labour market, hinders economic independence, and has long-term scarring effects over the course of their lives, including in old age.<sup>5</sup> The fundamental issue is that NEETs do not participate as productive citizens. On the contrary, they often depend on support from family members or the state. What, then, are the potential policy levers to address this situation?

Do our school systems play a role in helping young adults become productive citizens? There are certainly stark differences across Europe.<sup>6</sup> The Nordic education system is inclusive, with low dropout rates and an extremely low NEET rate. Notably, a high percentage of students in these countries enter tertiary education, ensuring a highly educated younger generation. Conversely, in regions where the NEET rate is high, enrolment in tertiary education is significantly lower. Although establishing causality is challenging, the evidence suggests that where schools prioritise inclusion, dropout rates and NEET rates tend to be lower, which means that a larger proportion of youth contributes to our economies.

Do schools provide young adults with appropriate training? This is, of course, a complex issue, and the body of literature addressing it is extensive.<sup>7</sup> Even without an examination of curricular specifics, it is clear that given the revised pension systems (where contributions are becoming more significant), the rise of private healthcare provision and the fact that people live longer, young adults need to be better equipped to plan for the whole course of their life. Moreover, with rapid technological advancements, the educational needs of today's youth differ substantially from those of previous generations. Ultimately, an effective school system should help young individuals develop resilience, preparing them to navigate both present and future challenges.

<sup>2</sup> European Commission, *The Impact of Demographic Change in a Changing Environment* (2023).

<sup>3</sup> Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, OJ C372 (4 November 2020), 1.

<sup>4</sup> Eurofound, *Becoming Adults: Young People in a Post-Pandemic World* (Luxembourg, 2024).

<sup>5</sup> K. Ralston et al., 'Economic Inactivity, Not in Employment, Education or Training (NEET) and Scarring: The Importance of NEET as a Marker of Long-Term Disadvantage', *Work, Employment and Society* 36/1 (2022).

<sup>6</sup> L. van Vugt et al., 'The Role of Education Systems in Preventing NEETs', in M. Levels et al. (eds.), *The Dynamics of Marginalized Youth Not in Education, Employment, or Training Around the World* (London: Routledge, 2022).

<sup>7</sup> OECD, 'How School Systems Prepare Students for Their Future', in OECD (ed.), *PISA 2018 Results (Volume II): Where All Students Can Succeed* (Paris: OECD Publishing, 2019).

Female labour force participation represents another significant area of untapped potential in addressing the challenges of an ageing society.<sup>8</sup> In 2023 the female employment rate in the EU stood at 70.2%, with a gender employment gap of 10.2 percentage points. However, there are considerable disparities across EU member states. For instance, the female employment rate in Sweden reached 80.2%, while in Greece it was significantly lower, at 57.6%. Increasing female labour force participation would not only capitalise on otherwise under-utilised capacity but, as multiple studies suggest, closing this gender participation gap would also significantly boost GDP growth and help alleviate the pressure from the ageing population.

## Increasing participation among the older population

The increased longevity in Europe is a remarkable success story. It means that today, a 65-year-old can expect to enjoy 20 years of healthy retirement. Only a few decades ago, such an extended retirement period would have been unimaginable. However, sustained low fertility rates have turned increased longevity into a challenge. Today, the choice is clear: either retirees must accept lower pension payments or they will need to extend their working lives.<sup>9</sup>

Is raising the statutory retirement age a realistic policy option? If we look to France, the answer seems to be a resounding ‘No’. The increase in the statutory retirement age from 62 to 64 sparked nationwide violent protests.

Several arguments are commonly raised against increasing the retirement age. First, individuals with physically demanding jobs understandably resist the idea of working beyond the normal 40-year contribution period. If their work has caused health issues or prolonged strain, this argument is reasonable and deserving of consideration. Another frequently raised concern, particularly among younger people, is that if older workers remain in the labour market longer, they will occupy jobs that should go to those in the younger generations. This, it is argued, is unfair and hinders the younger generation’s ability to transition into adulthood and contribute to the workforce.

While these concerns are strongly held by many, neither is valid. The latter argument assumes a static labour market in which the number of jobs is fixed and the employment of older individuals reduces opportunities for younger workers.<sup>10</sup> However, labour markets are far from static; they are evolving rapidly. Many jobs currently held by older workers will disappear due to technological advancements. The key lies in job creation: as the economy progresses through technological change, new jobs will emerge that require skill sets which younger workers are often better equipped to handle.

Is raising the statutory retirement age politically tenable? While France’s 2023 pension reform, which raised the retirement age from 62 to 64, was met with fierce protests, there are examples of successful reforms elsewhere.<sup>11</sup> Norway recently raised its retirement age to 72. However, the Norwegian approach differs significantly. Such an estimated increase is achieved by allowing individuals to choose how long they wish to work beyond the statutory retirement age. It is not unreasonable to think that many would prefer to work longer if given the opportunity. This may be true in many European countries, including France. If individuals were allowed to

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<sup>8</sup> J. Fluchtmann, M. Keese and W. Adema (eds.), *Gender Equality and Economic Growth: Past Progress and Future Potential*, OECD Social, Employment and Migration Working Paper no. 304 (Paris, 2024).

<sup>9</sup> European Commission, *2024 Ageing Report: Economic and Budgetary Projections for the EU Member States (2022–2070)*, European Economy Institutional Paper 279 (Luxembourg, Publications Office of the European Union, 2024); European Commission, Directorate-General for Employment, Social Affairs and Inclusion, *The 2024 Pension Adequacy Report – Current and Future Income Adequacy in Old Age in the EU* (vol. 1) (Luxembourg, Publications Office of the European Union, 2024).

<sup>10</sup> R. Böheim and T. Nice, ‘The Effect of Early Retirement Schemes on Youth Employment’, *IZA World of Labor* 70 (2019).

<sup>11</sup> A. P. Fouejieu et al., *Pension Reforms in Europe: How Far Have We Come and Gone?*, International Monetary Fund, Departmental Paper no. 2021/016 (Washington, DC, 2021).



choose their retirement age, the average retirement age would likely be higher, even in France. There are several lessons to be learned from this flexible approach to retirement:

- Long-term policy reforms should be insulated from short-term political cycles. The reform in Norway is grounded in solid demographic projections, which, unsurprisingly, show that people are living longer and healthier lives.
- Reforms with significant ramifications require broad political consensus and support. The underlying principles must be agreed upon before consultations begin.
- A flexible retirement system must carefully incorporate equity and incentive structures. Those unable to work beyond the minimum statutory age should not be disadvantaged in a system where others can continue working.

## Lifelong learning 2.0

The increasing longevity and extended working lives of individuals have significant implications for how we approach education. Traditionally, education is completed with secondary or tertiary schooling, after which young adults are expected to have acquired the necessary skills for their chosen careers and then work until retirement. However, with the rapid pace of technological change, as exemplified by the rise of artificial intelligence, labour markets are evolving swiftly. The challenge is that beyond acquiring relevant education for their initial jobs, people have to face the fact that technological advancements will render many current occupations obsolete. Therefore, educational systems must adapt to a new reality in which people will remain in the workforce for much longer before retiring.<sup>12</sup>

While flexibility in retirement is a positive step, it becomes less beneficial if individuals lose their jobs well before their planned retirement age. In the future, it will be more practical for individuals to attend college multiple times during their working lives.<sup>13</sup> For instance, after obtaining a college degree at the age of 23, they should have the opportunity to return to college at age 40, and again at age 55. This would allow people to retrain and acquire new skills in response to technological advancements and innovation. Moreover, this system would likely encourage older individuals to remain in the workforce longer.

Implementing such a system would require a significant rethinking of how tertiary education is designed, particularly with regard to funding. A system that allows adults to return to study for additional degrees would place financial burdens not only on the state but also on individuals and families, especially those with young children. One potential solution could involve expanding the current system of pension contributions. In addition to contributions toward future retirement payments, individuals could make fixed contributions towards a retraining sabbatical period, starting from the moment they enter the labour market in their early twenties.

The overall cost of such a system would be substantial. However, if one compares the cost of a worker being excluded from the workforce at age 50 with that of an individual who continues to contribute until a retirement age of 75, the net benefit would likely be significant.

<sup>12</sup> P. Fidalgo and J. Thormann, 'The Future of Lifelong Learning: The Role of Artificial Intelligence and Distance Education' in F. Gomez Paloma (ed.), *Lifelong Learning – Education for the Future World* (IntechOpen, 2024).

<sup>13</sup> OECD, *Back to the Future of Education: Four OECD Scenarios for Schooling*, Educational Research and Innovation (Paris, 2020).

## Short-term remedies

### Digital skills and public–private partnerships

Long-term strategies must align with short- and medium-term goals. While the educational systems of the future will require comprehensive reform, some actions can be taken immediately.<sup>14</sup> One such step is to integrate digital technologies into school curricula alongside traditional subjects. Currently, much of the older generation is excluded from the benefits of digitalisation due to limited or no prior training, as they grew up in a time when digital technology was not prevalent.

The digitalisation process now profoundly impacts public and private services, both of which increasingly require basic knowledge of information technology. A lack of digital literacy poses a risk to older workers, as more jobs demand digital competency.

The public sector plays a key role, but because this issue affects the private sector too, policymakers should prioritise partnerships with private firms. Private companies, in collaboration with governments, should be incentivised to retrain and support workers nearing the end of their careers. Retraining workers, rather than laying them off, is a more effective use of resources, and public–private partnerships will be essential for successful implementation.<sup>15</sup>

Even with broad improvements in digital skills, many people will still struggle to navigate institutions due to the complexities of the digital transformation and cybersecurity requirements. A neglected factor here is user-friendliness. Bureaucratic procedures are often overly complicated, making it difficult for older citizens—who were not exposed to digital technology during their education—to navigate these systems effectively.<sup>16</sup>

### Increasing the workforce in long-term care

As working lives extend and lifelong learning becomes key to promoting active ageing, the demand for care work is expected to rise sharply. With increased life expectancy, the nature of elderly care is evolving, with conditions such as dementia becoming more prevalent.

To address this growing need for care, immigration could play a crucial role. However, proper training and qualifications for immigrants are essential. Currently, approximately 34 million people in the EU were born outside its borders (around 8% of the population), and 10% of young people (age 15–34) have at least one foreign-born parent. While the healthcare sector urgently requires more workers, only a limited number of immigrants possess qualifications that meet EU standards.

The European Commission's 2021 Long-Term Care Report stresses the need for action.<sup>17</sup> Immigrants offer valuable skills, with over a quarter being highly educated. However, about 40% of them are over-qualified for their jobs, while nearly 20% have only primary education and need additional support. Many domestic workers, often women with migrant backgrounds, face poor working conditions, frequently working undeclared or as bogus self-employed, and receive low wages and inadequate labour rights. The International Labour Organization's Convention 189 sets standards for decent working conditions for domestic workers, but only eight EU member states have ratified it.

Migrant care workers frequently operate in precarious, informal employment. To meet the demand for care,

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<sup>14</sup> European Commission, 'Digital Education Action Plan 2021–2027: Resetting Education and Training for the Digital Age'.

<sup>15</sup> H. A. Patrinos and F. Barrera-Osorio, *The Role and Impact of Public–Private Partnerships in Education (English)*, World Bank (Washington, DC, 2009).

<sup>16</sup> S. J. Czaja et al., 'Factors Predicting the Use of Technology: Findings From the Center for Research and Education on Aging and Technology Enhancement (CREATE)', *Psychology and Aging* 21/2 (2006) 333–52.

<sup>17</sup> Council Recommendation of 8 December 2022 on access to affordable high-quality long-term care, OJ C476 (15 December 2022), 1.



sustainable and legal migration pathways must be developed to provide opportunities for migrant workers and address labour shortages in the care sector.<sup>18</sup>

	Programme 1	Programme 2	Programme 3
	Facilitating longer working lives	Increasing labour force participation through education and training	Investing in the digitalisation of public services
Project 1	Increase the state pension age. Norway is one country with a general agreement to increase the retirement age to 72, though with important elements of flexibility.	Expand and facilitate training in care-related occupations, in particular for those with an immigrant background. EU institutions could play a role in establishing educational or training standards that would lead to an EU certification. This would help open up access to professions that can be over-protected by domestic rules.	Expand training and education to improve citizens' digital competency and their preparedness for the digital age.
Project 2	Develop flexible retirement schemes. Flexibility should offer not only a choice in terms of the number of additional years worked, but also whether those years are taken as part-time work. Such a system may require collaboration between the private sector and the state.	Reform education with the aim of reducing the share of young people who leave school without basic skills and addressing youth unemployment. This will require changes to long-established educational systems, but will make education more inclusive	Simplify and make digital services in the public sector more accessible and user-friendly, particularly for older people. Avoid older people needing to be dependent on younger family members for assistance.
Project 3	Expand schooling and retraining for the older age strata of the population. Universities should enable individuals in their 40s, 50s and 60s to re-enter education and gain new qualifications to ensure longer and more meaningful working lives.	Make educational reforms to respond to the technological developments that are leading to jobs, professions and occupations changing or disappearing. The modern education system needs to provide opportunities to upgrade one's education or retrain, as opposed to ending up inactive and becoming dependent upon state welfare benefits or family support.	Expand and develop existing training facilities to improve the digital competency of the older generations.

<sup>18</sup> European Commission, *Action Plan on Integration and Inclusion 2021–2027*, Communication, COM (2020) 758 final (24 November 2020).

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# Leveraging the Potential of Migrants and Diasporas

by Rainer Münz

## Summary

Europe is experiencing shrinking workforces and native populations. This is the long-term result of low fertility rates. With the baby-boomer generation entering retirement, the gap is rapidly widening. As a consequence, EU countries should try to increase the labour force participation of older people in general and members of certain diaspora groups in particular—with a special focus on the 18–25 age group, as well as on women with non-EU migrant backgrounds. This requires both changes to the educational system to deal with the growing number of children with a migrant background and more integration measures targeting adult migrants with low levels of education and little work experience. Beyond these adaptations, EU countries will need to develop admission policies that mainly attract labour and skills compatible with EU labour market needs. Smart migration policies will have to put the employability of newly admitted migrants at their centre. In this context pre-departure measures should be discussed. At the same time, EU countries should speed up the recognition of skills that migrants have acquired in their countries of origin and offer upskilling wherever this is required. From a socio-economic point of view, it is inefficient for migrants to work below their skill levels.

**Keywords** Labour markets – Labour migrants – Migration policy – Integration of migrants – Educational systems

## State of play

Europe is facing two fundamental demographic shifts that are impacting our societies and economies. On the one hand, the number of deaths in EU countries is higher than the number of births—this has been the case since 2013. And this gap between the increasing numbers of deaths and the declining numbers of births is widening.<sup>1</sup> As a result, Europe's native population has started to shrink. This trend will almost inevitably continue in the coming decades.<sup>2</sup> On the other hand, the large baby-boomer generation, born in the 1950s and 1960s, is retiring. At the same time, because of persistently low fertility rates, leading to low numbers of births, Europe's younger generation, which is leaving the education system and entering the labour market today, is about 35% smaller than the retiring generation that is vacating positions on the labour market. The consequences of this are pretty clear: Europe's population is ageing rapidly and Europe's domestic labour force is declining. This is creating a shortage of labour and skills in a variety of sectors across Europe.<sup>3</sup> And the decline of native populations throughout the EU and beyond will mean that this shortage continues to increase in the years and decades to come as no return to higher fertility and surging numbers of births is in sight.

In this situation some people—particularly those representing business interests and affected public services—see immigration as a potential solution to the demographically induced shortage of labour and skills. Data on immigrant integration show, however, that many third-country nationals arriving in Europe and settling in an EU country do not quickly join the labour force.<sup>4</sup> There are two main reasons for this unsatisfactory economic and labour market outcome.

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<sup>1</sup> Eurostat, *Demography of Europe – 2024 Edition* (2024).

<sup>2</sup> Eurostat, 'Population Projections at Regional Level' (2021).

<sup>3</sup> European Commission, 'Tackling Labour and Skills Shortages in the EU', Press Release, 20 March 2024.

<sup>4</sup> Eurostat, 'Employment Rates by Sex, Age and Citizenship' (2022); OECD and European Commission, *Indicators of Immigrant Integration 2023: Settling In* (Paris, 15 June 2023).

The first reason has to do with deficient integration policies and regulations hindering migrants from fully deploying the skills they acquired in their sending countries. Lengthy or inadequate recognition procedures make it difficult for potential employers to assess the employability of skilled or semi-skilled non-EU migrants. In certain cases discrimination might also be at play. As a result, despite skills shortages in the EU27, more than a third of all working migrants are employed below their skill level, obviously leading to brain waste.<sup>5</sup> The same is also true for many intra-EU migrants.<sup>6</sup> This also has a negative impact on productivity.<sup>7</sup> To fully leverage the talent of immigrants it is crucial to speed up and standardise skills recognition.<sup>8</sup> EU member states should cooperate by establishing a Europe-wide register for educational attainment and skills equivalency, applicable in all EU countries. This would also make it easier for non-EU migrants to move between EU countries.

The second reason is related to the nature and origins of recent immigration flows to the EU. During the past 15 years, inflows of non-EU citizens to EU countries have been dominated by asylum seekers, displaced Ukrainians, dependent family members and marriage migrants. Less than 20% of recent arrivals have been admitted due to their education or skills.<sup>9</sup> Consequently, many migrants arriving via the dominant pathways do not match the EU's labour market needs. For some of them, becoming economically active is not even at the centre of their decision to move to Europe.<sup>10</sup>

While more targeted migration and admission policies are relevant for future labour market outcomes, it is also important to activate those segments of the European resident populations that have a migrant background and low labour force participation.<sup>11</sup>

Among natives and intra-EU migrants, some three in four people (age 18+) are working. Among adult migrants born outside the EU less than two in three are economically active. The gap is particularly visible among women. Only one in two non-EU-born women residing in the EU is working, while this is the case for three out of four EU-born women.<sup>12</sup>

There are two main groups of people with a migrant background that have below average labour force participation. The first comprises young people who have left the education system without achieving any qualifications. This group consists of those who were born and raised by immigrant parents but have failed to successfully meet minimum standards during their educational careers.<sup>13</sup> It also includes those who arrived in their early or mid-teens and were not able to be integrated into the regular curriculum. Even in times of shortages, their chances on the EU labour markets are reduced. As a result, about one in five young people with a non-EU migrant background are not in employment, education or training (NEET).<sup>14</sup>

The other group consists of women with non-European roots. Currently their labour force participation is also considerably lower than the average among native women.<sup>15</sup> On the one hand this might have to do with a lack of skills. Many female migrants from African and Western Asian countries will have attended school

<sup>5</sup> Eurostat, 'Non-Nationals More Likely Over-Qualified Than Nationals', 9 March 2023; T. Sparreboom and A. Tarvid, *Skills Mismatch of Natives and Immigrants in Europe*, International Labour Organization (Geneva, 2017).

<sup>6</sup> Scilog, 'Why EU Migrants End up in Jobs Below Their Qualifications', 17 June 2024.

<sup>7</sup> A. Vandeplas and A. Thum-Thysen, *Skills Mismatch and Productivity in the EU*, European Commission Discussion Paper 100 (Luxembourg, July 2019).

<sup>8</sup> V. Margaras, and K. Eisele, *Recognition of the Qualifications of Third-Country Nationals*, European Parliamentary Research Service, Briefing PE 754.594 (November 2023).

<sup>9</sup> R. Muenz and J. Yaryyeva, *Immigration to Europe: The Big Picture for the EU and Its Member States*, Martens Centre (Brussels, 2024).

<sup>10</sup> This is particularly true for some of the marriage migrants.

<sup>11</sup> European Commission, *Action Plan on Integration and Inclusion 2021–2027*, Communication, COM (2020) 758 final (24 November 2020).

<sup>12</sup> Eurostat, 'Employment Rates by Sex, Age and Citizenship'.

<sup>13</sup> A. Behr and G. Fugger, 'PISA Performance of Natives and Immigrants: Selection Versus Efficiency', *Open Education Studies* 2/1 (2020).

<sup>14</sup> Eurostat, 'Young People Neither in Employment nor in Education and Training by Sex, Age and Labour Status (NEET Rates)' (2024).

<sup>15</sup> Eurostat, 'Employment Rates by Sex, Age, Educational Attainment Level, Citizenship and NUTS 2 Region' (2024).

for less than eight years. On the other hand, it may be partly the result of cultural values imported from their countries of origin, where there is little or no tradition of women—and mothers, in particular—working in the formal sector of the economy.<sup>16</sup>

## Discussion and recommendations

The EU's emerging demographic and labour deficit could be addressed several ways. The most sustainable ways to reduce the lack of labour and skills would be to achieve the following:

1. Higher labour force participation among older people, through either a substantial rise in the retirement age (ideally by automatically linking the statutory pension age to increasing life expectancy, as has happened in Denmark and Sweden) or arrangements that allow and encourage older people to stay economically active while also receiving an old-age pension.
2. Higher labour force participation among migrants already residing in the EU, especially among those from non-EU countries and female migrants.
3. The admission of new foreign labour with skills that match the unmet demands of the European labour markets.

In the short term, 'importing' foreign labour through immigration is the quickest 'remedy' to the apparent shortages in Europe's domestic labour markets. Such a policy clearly has implications for the composition and fabric of European societies. And this strategy will only work if these migrants expediently integrate into these labour markets. EU countries therefore need to develop smarter migration policies, including in terms of admission on legal and humanitarian grounds where this is mandated. This could include requiring pre-departure enrolment in language classes or targeted upskilling for marriage and family migrants prior to the granting of a residence permit.<sup>17</sup>

The strategy has at least two prerequisites:

1. It needs to be based on a careful selection process with a clear focus on the expected employability of admitted immigrants.<sup>18</sup>
2. It requires wage levels, working conditions and a social environment that is able to attract the right mix of migrants.<sup>19</sup>

The admission process should include (whenever possible) solid documentation of already acquired skills, as well as pre-departure measures such as online or in-person language training at the place of origin.<sup>20</sup> Both would help to speed up economic integration in the destination country once the admitted labour migrants settle in. Wherever necessary, this should be accompanied by continued post-arrival language training and onboarding at the new workplace.<sup>21</sup> Non-discrimination measures should be enacted and enforced to create a level playing field between migrants and native participants in the labour market.

Employers could play a crucial role in future selection processes by assessing the potential of candidates applying for work permits and their need for additional qualifications. The fact that a person applying for a

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<sup>16</sup> A. Orav, *Migrant Women and the EU Labour Market. Overcoming Double Discrimination*, European Parliamentary Research Service, Briefing PE 747.905 (Brussels, May 2024).

<sup>17</sup> A. Chindea, *Headstart to Integration: A Global Review of Pre-Departure Support Measures for Migrants*, Institute of Migration (Geneva, 2015).

<sup>18</sup> European Commission, Directorate-General Migration and Home Affairs, 'Labour Migration Platform', 5 March 2024.

<sup>19</sup> European Commission, 'Legal Migration: Attracting Skills and Talent to the EU', Press Release, 27 April 2024.

<sup>20</sup> Chindea, *Headstart to Integration*; Migration Policy Institute Europe, *More Cooperation on Immigrant Integration Before Departure Would Benefit Origin and Destination Countries*, Policy Brief (17 February 2015).

<sup>21</sup> U. Hanemann, *Language and Literacy Programmes for Migrants and Refugees: Challenges and Ways Forward*, UNESCO (Paris, 2018).



work permit already has a job offer from an employer in the destination country could be used as a labour market test and therefore as a selection criterion.<sup>22</sup>

In parallel to improved admission processes, a welcoming environment for those whom EU countries want to attract is becoming ever more relevant as other parts of the world are also experiencing ageing and potentially or actually shrinking native populations. As a result, a growing number of developed countries are also looking for globally mobile talent and skills. In this the—so far rather reluctant—EU countries are competing not just with each other, but also with the US, Canada and Australia, as well as Singapore, Korea and the Gulf states.<sup>23</sup>

A welcoming environment needs to include provisions for the children of labour migrants who are either coming with them or joining them at a later time. It is important that these children not only receive intensive language training from the outset but are also well integrated into the education systems of the receiving countries and able to leave school with qualifications. This is an important prerequisite for their future ability to join the labour market of the receiving country and should be seen as a long-term benefit of current investments in their education by the receiving EU countries. This will require a reorientation of existing preschool and school systems.<sup>24</sup>

Today, Europe's education systems are mostly oriented towards the educational requirements of domestically socialised children with sufficient command of the country's main language. Increasingly, however, these systems need to be able to integrate children of very different cultural and linguistic backgrounds.<sup>25</sup> These children often do not speak the language of instruction and may even have learned to read and write using a different alphabet. Some refugee children may have grown up under conditions that did not allow them to attend primary or secondary school in their home country or in a transit country.

It is crucial that EU countries do not see the integration of children with migrant backgrounds as only a transitional challenge that relates to refugees and their family reunions triggered by inflows of asylum seekers. It needs to be seen as a permanent task that is linked to future labour recruitment efforts which will lead to family migration. And the quality of the education system, including its ability to deal with the children of immigrants, is also an important criterion that is considered by globally mobile qualified labour when it comes to decisions about where to settle.

An important goal of current and future integration policies should be to better leverage the potential of migrants and diaspora members already living in an EU country. Wherever necessary, qualified migrants whose skills do not fully match the required standards of the receiving countries should be given the opportunity to upskill. This is of particular relevance, for example, for migrant labour employed in the health sector.

By the same token, foreign students graduating from colleges and universities in EU countries should be given the opportunity to remain in the EU and become economically active. This needs to include an extension of their residence permits in order to facilitate job hunting for recent graduates from non-EU countries.<sup>26</sup>

At the same time, economically inactive young adults (i.e. NEETs) should be activated and given access to European labour markets. Despite the fact that the overall share of NEETs in the population is declining, they are still over-represented among young people with a migrant background whose parents have come from

<sup>22</sup> P. Nigitsch, M. Weigle and F. Frongia, *Cultivating Talent: Exploring Effective Talent Attraction and Retention Practices in and Beyond the EU*, International Centre for Migration Policy Development (Vienna, 2024).

<sup>23</sup> R. Muenz, *The Global Race for Talent: Europe's Migration Challenge*, Bruegel (Brussels, 2014); L. Cerna, *Immigration Policies and the Global Competition for Talent* (Basingstoke: Palgrave Macmillan, 2016); *Trade in Motion*, 'The Global Race for Talent' (2024).

<sup>24</sup> European Commission, 'Refugee and Migrant Integration Into Education and Training' (2022).

<sup>25</sup> A. Orav, *Integration of Migrant Children*, European Parliamentary Research Service, Briefing PE 754.601 (Brussels, November 2023).

<sup>26</sup> Global Education Monitoring Report Team, *Global Education Monitoring Report, 2019: Migration, Displacement and Education: Building Bridges, not Walls*, UNESCO (Paris, 2018).

countries outside Europe.<sup>27</sup> Integrating NEETs will require concentrated training efforts and—ideally—financial support linked to training outcomes in order to create a material incentive.

Another group with low levels of labour force participation are women with non-European roots. As a consequence, targeted measures addressing female diaspora members need to be designed to make them ready for European labour markets. This should include programmes to improve literacy and numeracy, specific skills transference and language support, as well as health measures.<sup>28</sup> As many of these women are taking care of children, such measures need to be combined with an expansion of preschool facilities and afterschool childcare (possibly with language training and homework support provided). This combination of programmes and policy measures would definitely have the potential to foster the socio-economic integration of these women.<sup>29</sup>

## Conclusion

To sum up, Europe faces demographic challenges due to shrinking native populations and workforces. Recruiting migrants could be a partial answer to these challenges, but EU countries will need to develop admission policies that mainly attract the labour and skills compatible with EU labour market needs. Additionally, they should implement integration and non-discrimination policies that enable newly arriving migrants to fully deploy their already acquired skills and to upskill, if necessary. At the same time EU countries should make better use of the potential of those already residing in Europe. This requires the introduction of measures and incentives to encourage young people and adult women with non-EU migrant backgrounds to join the labour force.

	Programme 1	Programme 2	Programme 3
	<b>Developing a better migration policy</b>	<b>Speeding up the economic integration of migrants and diaspora members</b>	<b>Supporting the integration of people with migrant and diaspora backgrounds, in particular women</b>
<b>Project 1</b>	Develop admission criteria which have a clear focus on employability.	Improve mechanisms for the recognition of non-EU qualifications, including those of Ukrainian refugees.	Increase efforts to integrate immigrants, including by insistence on language learning.
<b>Project 2</b>	Require pre-departure integration efforts such as language training and skills documentation.	Develop anti-discrimination measures.	Upskill immigrants and diaspora members with low levels of education and work experience.
<b>Project 3</b>	Provide intensive language training and targeted onboarding for migrants admitted for their labour and skills.	Establish a global register for educational attainment and skills equivalency, applicable in all EU countries.	Expand preschool facilities and afterschool care for children (including providing support for language learning and homework). Develop curricula for young migrants arriving with little or no formal education.

<sup>27</sup> OECD and European Commission, *Indicators of Immigrant Integration 2023: Settling In* (Paris, 2023).

<sup>28</sup> A. North, *Gender, Migration and Non-Formal Learning for Women and Adolescent Girls*, UNESCO (Paris, 2019).

<sup>29</sup> European Commission, *Action Plan on Integration and Inclusion 2021–2027*.



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# Addressing Depopulation

by Tado Jurić

## Summary

The decline in the native population in the EU is being caused by several factors, and these are not equally present in all member states. Certain member states, especially those on the periphery of the EU, are more affected than others. As peripheral regions become increasingly depopulated, the ‘ring of desert’ effect that appears in these areas also starts to impact developed regions. To address these issues, all EU member states and institutions should work together. As well as a decline in the birth rate and the rapid ageing in numerous EU peripheral regions, the spatial distribution of the population in the EU plays important role. All these challenges are accompanied by a lack of accurate statistics on migration. Encouraging immigration from third countries cannot be the only answer to this challenge, if for no other reason than because of the polarisation that this produces in EU societies. Instead, it is necessary to focus on structural measures such as remote work (spatial distribution), combating corruption and clientelism, developing a new approach to monitoring migration, recompensation (provide financial support to centres of excellence on the EU periphery as a form of compensation for the emigration of skilled workers, in whose education large sums are invested), improving infrastructure and establishing an EU-level office tasked with exchanging best practices in dealing with the various demographic challenges.

**Keywords** Depopulation – Periphery – Remote work – Brain drain – Corruption – Demographic measures

## Introduction

Europe is the only inhabited continent that has experienced the demographic decline of its native population over the past decade;<sup>1</sup> all the others have undergone rapid population growth. In the 1970s Europeans constituted 14% of the global population, but today their share has fallen to 6%, and they are likely to make up only 4% of the population in less than half a century.<sup>2</sup> Additionally, Europe is the continent with the oldest population.

The native population decline in the EU is influenced by several factors: low fertility rates, emigration, an ageing population, economic factors and urbanisation.<sup>3</sup> It is only due to immigration from third countries that the EU has not experienced depopulation overall.<sup>4</sup> The aforementioned factors are not equally present in all member states, meaning that certain countries (the periphery of the EU,<sup>5</sup> Eastern and South-Eastern Europe) are more affected than others.<sup>6</sup> Internal EU migration, predominantly involving young, educated and skilled workers and their families, is characterised by movement from peripheral areas to the central regions.<sup>7</sup> This trend is creating a ‘geography of discontent’ (a social phenomenon in which a significant portion of the population living in

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<sup>1</sup> Eurostat, *Demography of Europe – 2023 Edition*.

<sup>2</sup> European Commission, *The Impact of Demographic Change – In a Changing Environment*, Staff Working Document, SWD (2023) 21 final (17 January 2023), 9.

<sup>3</sup> Z. Brzozowska et al. ‘Depopulation Trends in Europe: What Do We Know About It?’, *Population Europe* (2021).

<sup>4</sup> Eurostat, ‘Population and Population Change Statistics’ (2024).

<sup>5</sup> The ‘core’ countries are typically the more economically developed and politically influential members of the EU. These countries often have stronger economies, higher GDP per capita and more stable political systems. Examples of core countries include Germany, France, the Netherlands and Belgium. These nations are often seen as the driving forces behind EU policies and decisions. The ‘peripheral’ countries are generally less economically developed and have less political influence within the EU.

<sup>6</sup> In 2023 the population increased in 20 EU countries, while it decreased in 7 (all on the periphery).

<sup>7</sup> T. Jurić, ‘The “Structural Pessimism” of the EU Periphery: Measures to Establish a New Revitalisation Paradigm’, *European View* 23/2 (2024)

certain territories feels aggrieved or dissatisfied) in the sending countries, further encouraging emigration. The population decline is severe in the Baltic states, and even more so in Croatia, Bulgaria and Romania. During the past 35 years, nearly 10 million people (mainly the young and primarily from the peripheral parts) are estimated to have left South-Eastern Europe (SEE)—about 22% of the population of the early 1990s.<sup>8</sup> Notably, depopulation in SEE is driven mainly by massive emigration rather than natural decline, with 65% attributed to this factor.<sup>9</sup> Policies that attract young workers to the EU's centre, combined with corruption and weak institutions in the countries of origin, are significant drivers of contemporary migration from the EU periphery.

Additionally, countries such as Spain and France are witnessing an outflow of people from rural areas due to inadequate infrastructure and services, poor job quality and declining incomes. There is no doubt that depopulation will seriously affect the social capital of Eastern Europe (EE) and SEE in the future—in the last eight years, the number of students and pupils has fallen by 10% in SEE.<sup>10</sup> Furthermore, depopulated regions often suffer from reduced economic activity, labour shortages and a shrinking tax base. This economic decline can lead to a vicious circle of further outmigration and reduced investment, but also to various social challenges, such as the closure of schools, healthcare facilities and other essential services.

## State of play

The right to freedom of movement is one of the most positive achievements of European integration. It has created several benefits for the EU (allowing redistribution from areas with high unemployment to areas with a demand for workers, contributing to stronger European integration and promoting intercultural dialogue), but it has also had many negative effects on less-developed regions (i.e. the periphery). Namely, freedom of movement disrupts these regions' production and tax bases and increases the disparities between the more- and the less-developed regions of the EU, a result which is in complete opposition to the aims of EU cohesion policy.<sup>11</sup> The European Committee of the Regions warns that the phenomenon of brain drain poses a risk to the long-term sustainability of the European project if the social and economic imbalances between the sending and receiving regions remain unaddressed.<sup>12</sup>

Apart from economic factors, which most often stand out as a key push factor for emigration, the next element that explains the migration from the periphery to the EU's centre is related to the quality of institutions and the political climate.<sup>13</sup> Emigrants move from countries with weak institutions to those with stronger institutions.<sup>14</sup>

The main motives for emigration among people from SEE and EE are thus not only economic. There is an apparent link between a lack of political ethics, weak institutions and emigration. The immorality of political elites, legal insecurity, and presence of nepotism and corruption are at the top of the list of reasons to emigrate. A particularly worrying finding is that not only are citizens emigrating because of corruption, but due to their

<sup>8</sup> T. Jurić, 'Gastarbeiter Millennials': Exploring the Past, Present and Future of Migration From Southeast Europe to Germany and Austria With Approaches to Classical, Historical and Digital Demography (Hamburg: Verlag Dr Kovač, 2021), 150.

<sup>9</sup> Ibid.

<sup>10</sup> T. Jurić and F. Hadžić, 'Posljedice recentnog iseljavanja na obrazovni sustav i dostupnost radne snage u Hrvatskoj i zemljama Zapadnog Balkana' [Consequences of Recent Emigration for the Education System and Labour Availability in Croatia and the Western Balkans], in M. Perić Kaselj (ed.), *Migracije i identitet: kultura, ekonomija, država* (Zagreb: IMIN, 2022).

<sup>11</sup> I. Goldner Lang and M. Lang, 'Mračna strana slobode kretanja: kada su u koliziji interesi pojedinca i društva' [The Dark Side of Freedom of Movement: When the Interests of the Individual and Society Collide], *Migracijske i etničke teme* 35/1 (2019).

<sup>12</sup> S. Cavallini et al., *Addressing Brain Drain: The Local and Regional Dimension*, European Committee of the Regions (2018), 1.

<sup>13</sup> T. Jurić, 'Suvremeno iseljavanje Hrvata u Njemačku: karakteristike i motivi' [Contemporary Emigration of Croats to Germany: Characteristics and Motives], *Migracijske i etničke teme* 33/3 (2017).

<sup>14</sup> R. Atoyan et al., *Emigration and Its Economic Impact on Eastern Europe*, IMF Staff Discussion Notes 16/7 (Washington, DC, July 2016).

emigration, corruption is increasing.<sup>15</sup> A study from 2023 demonstrated this in the case of Croatia. Namely, by emigrating, some critics leave the country, allowing the established corrupt networks to operate unhindered. Conversely, those who have strengthened their status due to clientelism and corruption do not emigrate.<sup>16</sup>

In addition to corruption, an important push factor for emigration is the idea of ‘escaping from the province’.<sup>17</sup> As a result of emigration, large parts of the SEE region are becoming even more peripheral in the cultural and economic sense (and similar is happening in other parts of the EU too, especially in EE). As much as three-quarters of the territory of SEE forms a periphery that is dying out biologically, economically and culturally. For example, in Croatia 90% of all administrative regions are recording a higher number of deaths than live births, so there is virtually no natural increase in their populations.<sup>18</sup>

Throughout Europe’s history, developed regions have consistently drawn young people, with the phenomenon of escaping from the province being a significant driver of youth migration. As peripheral regions become increasingly depopulated, the ‘ring of desert’ effect that appears in these areas also starts to impact developed regions (because depopulated areas are more vulnerable to illegal migration, the loss of social capital in the periphery results in the reduced competitiveness of the entire EU, social and political tensions increase, etc.). However, instead of increasing solidarity, the opposite is happening. For example, Croatia has subsidised Germany by investing €18 billion in the education of its emigrated citizens.<sup>19</sup>

Furthermore, it is crucial to devise models for connecting the young and the old. Due to the decreasing number of children in families, the traditional circle of care for older people is also diminishing, particularly in the more traditional environments in SEE and EE. State care institutions in these regions cannot, even in the medium term, provide enough places in retirement homes or an adequate number of nurses to care for the elderly (due to emigration from the EU periphery).

With this whole challenge, it is extremely important to be able to accurately assess the dimensions of the demographic challenges in the individual EU regions and to support demographic research and data collection, the results of which often have a lag of one to three years. For this purpose, we propose the new concept of Big (Crisis) Data, which is based on tracking the digital traces of migration<sup>20</sup> (see Recommendations).

An issue that must be addressed is the inability of the EU institutions to effectively tackle the demographic crisis and the revitalisation of the EU periphery. However, this is difficult because the treaties firmly place policy responsibility at the national level. The appointment of a commissioner for demography and democracy in the years 2019–24 was an attempt to begin to address this problem.

So far, accepting immigration from third countries seems to have been the main approach to solving demographic challenges in the EU. However, this solution has also led to the emergence of numerous new problems. Immigration leads to social and political polarisation within EU societies. This polarisation effect is an important reason why immigration cannot be the only solution to the demographic challenge. In connection with this issue, a lively political and academic debate has developed in Europe. On the one hand, proponents emphasise the necessity and usefulness of immigration and claim that migration is a permanent phenomenon of human

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<sup>15</sup> Jurić, ‘Gastarbeiter Millennials’.

<sup>16</sup> T. Jurić, ‘Corruption as a Push Factor for Emigration From Croatia: Correlation Between Corruption, “State Capture” and Emigration’, *Kroatologija* 14/1 (2023).

<sup>17</sup> Jurić, ‘The “Structural Pessimism” of the EU Periphery’.

<sup>18</sup> Eurostat, ‘Population Change – Demographic Balance and Crude Rates at Regional Level (NUTS 3) (2019–2021)’.

<sup>19</sup> Jurić, ‘Gastarbeiter Millennials’.

<sup>20</sup> T. Jurić, *Big (Crisis) Data in Social Sciences and Humanities: Predicting Crises*, (Hamburg: Verlag Dr Kovač, 2023).



nature. Opponents, on the other hand, emphasise that immigration (1) suppresses the price of labour, (2) brings greater fiscal costs than benefits, (3) changes the national and religious structure, and (4) reduces trust in the community and weakens the state.<sup>21</sup> Alternatives to embracing immigration from third countries include activating the inactive population and encouraging women to return/participate more in the labour market.

## Recommendations

The following recommendations have withstood scholarly scrutiny. The measures are arranged into three clusters: (1) developing demographic measures and coordinating policy, (2) enhancing labour markets and utilising demographic data, and (3) revitalising the periphery.

### Developing demographic measures and coordinating policy

- Inheritance should be treated as a demographic tool. Two-thirds of countries in Europe have introduced some form of demographic measure, primarily focused on increasing birth rates, ranging from financial bonuses and tax incentives for each newborn, to paid maternity leave. However, the success of these measures has generally been lacking.<sup>22</sup> Our proposed measure involves making legal changes to inheritance, partly skipping one generation in the inheritance order as a demographic measure. Specifically, grandchildren do not currently directly qualify to inherit from their grandparents as children have priority. This legal provision should be amended to stimulate natality. This would result in competition among sons and daughters: those without offspring or with fewer offspring would lose a part of the inheritance. The basic goal of this measure would be to provide the younger generation with access to property and to stimulate natality.<sup>23</sup> This provision could be put into legislation in a way that ensures that the obligatory part of the inheritance, amounting to half of the estate, must always be left to grandchildren, while the other half could be divided between the spouse and children.<sup>24</sup>
- To address the depopulation issues, all EU member states and institutions should work to mitigate the adverse effects of freedom of movement and unfavourable demographic trends. Cooperation between sending and receiving countries and regions is essential.<sup>25</sup> However, all demographic measures are in vain without a body to oversee them. It is necessary to establish an office at the EU level to coordinate the work of all state bodies working on the demographic policies of EU member states.
- Solidarity among generations is indispensable for creating more resilient EU societies. Therefore, we propose the introduction of financial vouchers tied to each older person, which they could allocate to individuals who help them occasionally with basic tasks, such as shopping, transportation and so on (this acknowledges the fact that older people may not always need retirement homes; they often want to stay in their own home).<sup>26</sup>

<sup>21</sup> T. Jurić, 'Argumenti za i protiv imigracije (u Hrvatsku): Krićka analiza uvriježenih stavova' [Arguments for and Against Immigration (to Croatia): Critical Analysis of Established Attitudes], *Obnovljeni Život* 79/3 (2024).

<sup>22</sup> T. Jurić, 'Prostorni aspekt demografske revitalizacije: rad na daljinu kao demografska mjera' [The Spatial Aspect of Demographic Revitalization: Telecommuting as a Demographic Measure] *Političke analize* 11/41 (2022). The 'classic demographic measures' include delimitation of allowances during parental leave, universal child allowance, facilitation of the position of parents in the labour market, tax relief for parents with multiple children and young employees, a housing strategy and so on. Some of these measures are present in certain EU member states, while in others (such as Croatia) not a single one is present. Therefore, it is necessary to harmonise standards across the EU.

<sup>23</sup> The first generation is typically around 48 years old when inheriting. By then, most individuals have already acquired a property, while the second generation is around 18 years old, precisely the age at which individuals need encouragement. (Of course, such a measure must be carefully considered, and models must be devised to prevent discrimination against individuals who cannot have children, while also addressing numerous other related issues). This measure would likely promote a rapid increase in natality.

<sup>24</sup> For example, a son with two descendants compared to a son with one descendant would receive 66% of the inherited half of the property.

<sup>25</sup> T. Jurić, 'Addressing Depopulation', in P. Hefe, K. Welle et al. (eds.), *The 7Ds for Sustainability: In Depth*, Wilfried Martens Centre for European Studies (Brussels, June 2024), 100–1.

<sup>26</sup> Such forms of assistance could be valued by the younger generation, serving as a replacement for civilian military service, or as additional credits in high school or college.

## Enhancing labour markets and utilising demographic data

- Financial support should be provided to centres of excellence based in the EU periphery for the education of those in deficit occupations (such as nursing in Croatia, Bulgaria and Romania), on the condition that, after their education, the beneficiaries stay and work in their home country for five years.
- Each EU member, especially in SEE where corruption is more pronounced, should launch a website that transparently lists the results of all public tenders, including who applied and who won the tender. Transparency has proven to be the best weapon against corruption and clientelism.
- A new approach to monitoring migration (emigration and immigration) should be developed, one which uses Big (Crisis) Data to track the digital traces of migration. This method has been tested by both the UN and the EU, providing unquestionably valuable insights and valid modelling of future trends. The main advantage of this approach is the timely recognition of migration trends a year before official data and their corrections are published, as figures in the various official migration databases can vary by as much as 80%. The aim is to enhance the collection of demographic data and accurately assess the scale of the demographic challenges in individual EU regions. This approach could also be useful in security studies as it provides insights into the movement and geolocations of irregular migrants. Above all, the approach allows for an assessment of the degree of integration and the ‘willingness to integrate’ of immigrants.

## Revitalising the periphery

- Opportunities for remote work should be provided: this could repopulate and revitalise rural areas, reduce brain drain and encourage people (the diaspora) to return.<sup>27</sup>
- The infrastructure in the European periphery (provinces) should be improved.
- A classification system for areas with serious and persistent demographic challenges should be introduced to enable the increased allocation of funds from cohesion policies.

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<sup>27</sup> This measure implies the introduction of broadband Internet throughout the EU. However, the transportation network also plays a crucial role in halting depopulation. Therefore, it is important to invest in public transportation (often impossible to establish on the periphery without subsidies). Additionally, it is necessary to introduce mobile healthcare teams, as many provinces lack adequate healthcare. The same applies to the provision of culture.



	<b>Programme 1</b>	<b>Programme 2</b>	<b>Programme 3</b>
	<b>Developing demographic measures and coordinating policy</b>	<b>Enhancing labour markets and utilising demographic data</b>	<b>Revitalising the periphery</b>
<b>Project 1</b>	Use inheritance as a demographic tool: amending inheritance laws to allow direct inheritance from grandparents to grandchildren would result in competition between sons and daughters to have more children (the first generation is typically around 48 years old when inheriting, while grandchildren are around 18, precisely when they need encouragement).	Provide financial support to centres of excellence for the education of those in deficit occupations (such as nursing) in Croatia, Bulgaria and Romania, on the condition that, after their education, the beneficiaries stay and work in their home country for five years.	Allow workers to relocate to the periphery and work remotely (with the obligation to come into the office once every two weeks). Remote work could repopulate and revitalise rural areas, reduce brain drain and encourage people (the diaspora) to return.
<b>Project 2</b>	Establish an EU-level office tasked with exchanging best practices among the relevant national demographic policy bodies.	Combat corruption and clientelism in Croatia, Bulgaria and Romania as these are two of the factors underlying emigration. Set up a website where the results of all public tenders (local and national), including stakeholders and amounts, are transparently listed.	Improve infrastructure by installing broadband Internet throughout the EU, investing in public transportation, introducing mobile healthcare teams and providing distance education options.
<b>Project 3</b>	Connect the young and the old through financial vouchers tied to each elderly person, which he or she can allocate to those providing assistance with basic tasks, such as shopping and transport.	Develop a new approach to monitoring migration, one that uses Big (Crisis) Data to track the digital traces of migration. The aim is to enhance the collection of demographic data and accurately assess the scale of the demographic challenges in individual EU regions.	Determine which areas have serious and persistent demographic challenges and allocate them funds from cohesion policies. Special support should be provided to areas with a population density of less than 12.5 inhabitants per km <sup>2</sup> or with an average annual population decrease of greater than 1%.

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