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COMMUNICATION FROM THE COMMISSION

SOCIAL TRENDS: PROSPECTS AND CHALLENGES
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1. **INTRODUCTION**

As we enter the 21st century, the role of a cohesive European society is increasingly acknowledged as an important condition in achieving competitiveness and growth. Within this context, this Communication draws upon the content of "The Social Situation in the European Union 2000", and presents the main social trends across Europe with a view to identifying the emerging policy issues in relation to the evolving social needs of tomorrow.

The rapid pace of some social developments over the last few years have been remarkable and this is likely to continue over the next years. Demographic and social trends, globalisation, information and communication revolution and the resulting new economy are the main driving forces posing both new challenges and opportunities. Technological development, education and social cohesion are identified as key elements for attaining economic efficiency and higher levels of prosperity.

Europe needs to ensure that its social model has the flexibility and robustness, to respond effectively to these new challenges and at the same time move towards its goals of improved competitiveness and cohesion.

The economic and social developments can be viewed under a framework of three pivotal areas of policy concern: our growing macroeconomic interdependence; our commitment and co-operation on employment; and our continuing work in promoting social progress in the European Union. These three factors are closely related and cannot be considered as individual objectives.

This presents both the Union and the Member States with a triangle of three connected policy objectives: to create a dynamic European economy, a productive workforce and an inclusive and efficient social environment, for the next decade and beyond.

The Lisbon extraordinary Summit, "Employment, Economic Reform and Social Cohesion – towards a Europe of Innovation and Knowledge" marks an opportunity to acknowledge the importance of the links between these various dimensions in moving towards a cohesive European society with better quality jobs and sustained economic growth.
2. **KEY SOCIAL DEVELOPMENTS**

Europe is changing in terms of its population structure. The changing balance of the structure in terms of age and gender, and the related generational effects are also impacting upon human behaviour. In some instances, these changes are occurring so rapidly that they can have significant effects in terms of generating new social needs and impacting upon the supply of social services.

In order to ensure Europe's economic growth and global competitiveness in the future, it is becoming increasingly important to take the social developments into account in the overall policy framework.

2.1. **What are the main developments?**

*The European population is ageing.* In Europe, the population balance is changing rapidly as a result of two main demographic developments. In most EU Member States both fertility and mortality rates are falling: fewer babies are being born, and people are living longer and better. The result is 'population ageing', a general trend which has been accelerated by the post-war baby-boom. This trend will continue for several decades.

Here are some key figures: The number of babies born in the EU fell in 1998 to around 4 million - a new post-war low. Indeed, the total fertility rate for the EU has fallen from 2.59 in 1960 to 1.45 in 1998, now among the lowest fertility rates in the world. During the same period, the proportion of older people (65 years and over) in the population has risen from 11% to 16%. All the signs are that this trend will continue well into the next century. In ten years time, there will be twice as many older persons (69 million) as in 1960 (34 million).

![Demographic change in the main age groups. A comparison between 1998-2010](image-url)
There has been a gradual slowing down of population growth in the Union over the last 35 years. In 1998, the crude population growth rate stood at 2 per 1000 population compared with an annual average of around 8 in the 1960s. Over the same period, the natural growth rate (births less deaths) fell steadily, from almost 8 per 1000 population to 0.8 in 1998. Since the mid-1980s, international migration has rapidly gained importance as a major determinant of population growth, although its share has decreased during the past four years. Its contribution was nearly 75% in 1995 – a post war high – falling slightly to 62% in 1998. Without positive net migration the populations of Greece, Italy and Sweden would be in decline.

2.2. … with important changes in household structure …

Changes in household type and family size and structure have also been very significant. People are marrying less and at a later stage in their lives. In addition, people are choosing to have children at a later stage in their lives. Divorces are more frequent than in the past.

Combined with the low fertility levels, these changes mark a departure from the conventional model of the married couple with children towards smaller sized and more frequently changing household forms such as childless couples, one person and single parent families.

Nevertheless, with increased life expectancy, it is not unusual to find three or four generations living at the same time, and increased demographic ageing is set to make this even more common. Within the family structure, it is usually the woman who cares for elderly people when they become dependent. In the future, this burden of responsibility is likely to increase as smaller families mean that the task is spread among fewer individuals. This may increase pressure on the need for external forms of social support.

2.3. Female participation in paid work continues to rise…

An important behavioural trend has been the changing role of females in economic and social life. In the past decades, patterns of education and employment for men and women have become more similar. More women have been entering into paid employment and earning an entitlement to more individualised social rights. The graph below shows the increase of the female share in employment between 1987 and 1998.

At European level, this increased participation of females is likely to continue. However, women still have particular problems in gaining equal access to the employment market, in
career advancement, in earnings and in reconciling professional and family life. Although the net additional jobs created over the past decade or so have virtually all gone to women, this job growth has failed to keep pace with the increasing number of women who want to work. Consequently, employment rates for women remain systematically lower than for men. Moreover, one in three women in the EU work part-time against only 6% of men.

2.4. …but some inequalities remain

In terms of earnings, despite the progress made over the last 20 years, there are still considerable inequalities particularly on higher qualification jobs. In 1995, on average, the gross monthly earnings of a woman were 26% less than the earnings of a man. The smallest differences are found in Belgium, Denmark, the Eastern Länder of Germany, Luxembourg and Sweden. More often than not, these differences in earning are explained by the fact that women tend to be over-represented in the lower-paid job sectors.

In addition, the inequality structure of earnings by age shows that pay differences between men and women increase rapidly with age. This is mainly due to the occupational structure of older women which is more concentrated in lower-paid clerical positions than the average.

2.5. Growing participation in social activities

Voluntary activity is a form of social participation and commitment to a local community, group or organisation. Although there is a lack of evidence on the true extent of volunteering and voluntary activity in the Member States, the information available suggests that it is extensive and has been growing.

A survey of over 20,000 people across Europe found that one in four Europeans undertakes unpaid work for a variety of charitable causes and voluntary groups. The most popular volunteer activities are sports and recreation, religious groups, educational and cultural pursuits, welfare services and youth work.

Volunteers are not typical of the population as a whole: they are more likely to be middle-aged and better educated. They are also characterised by high levels of civic awareness. Research has shown that they also exhibit significantly higher levels of psychological well-being than the general population.
3. **LIVING CONDITIONS OF TODAY**

The trends described above are having a significant impact on the living conditions of the European citizens. Overall living conditions can be related to a wide range of variables. This section selects some of the key aspects, developed in *The Social Situation in the EU, 2000* report, namely work, income levels and education.

3.1. **Disposable income: employment is still the main source**

On average, 70% of disposable income arises from work (employment and self-employment). In terms of the distribution of income, lone parents, families with many children, persons living alone (particularly women) and the unemployed are the groups most at risk of low income.

3.2. **Income inequalities have risen in most Member States**

Overall income inequality rose in most Member States over the period 1980-1995 after a decline occurred in the decades before 1980, but the recent rise in inequality was not universal. Income inequalities are closely linked to the risks of social exclusion and poorer living conditions. If income inequalities widen as forecast, the proportion of people in low-income groups, like the elderly and single-parent families, will grow too. Low-income groups are vulnerable. They tend to have poorer health and less access to health care. This may generate additional demand on welfare systems.

3.3. **…but social welfare is reducing inequalities**

Expenditure on social protection in 1996 accounted for 28.7% of Community GDP, compared with a figure of 25.4% in 1990. The bulk of this is spent on pensions and health care. The highest ratios were found in the three Nordic Member States (32-35%) while Greece, Spain, Ireland and Portugal recorded the lowest ratios (19-23%). Despite these disparities, social protection expenditure is tending to converge in the Member States with the largest increases in recent years being observed in the countries with the lowest levels of expenditure.

Social benefits, excluding pensions, reduce the percentage of "poor" people in all the Member States, but to very differing degrees. The reduction is smallest in Greece, Italy and Portugal: between 7% and 15%. In no other Member State is it less than 25%, and in Denmark and the Netherlands, it is around 60% - these two countries have the lowest "poverty rate" after payment of benefits.

Ireland and the United Kingdom have a high proportion of people on low equivalised incomes both before and after payment of benefits. However, after payment of benefits, the share of those still in poverty is highest in Portugal. It is because Italy has the lowest poverty rate before benefits that the percentage of "poor" people in this country is close to the EU mean, despite the low impact of transfers.
Social welfare systems have an important role to play throughout the European Union, in the lives of individuals and families and in underpinning the development of society and the economy. Their role in the redistribution of income will continue to be of importance in the future.

3.4. …and regional imbalances exist too

The existing evidence shows that the regions of the EU are unevenly affected by demographic trends and economic change. This asymmetrical socio-economic impact adds to an already diversified regional environment. The regional diversity of demographic and economic characteristics suggests more emphasis is needed in taking account of the regional dimension in the socio-economic policy field.

3.5. Education: a pathway towards better living conditions for everyone

Education plays an important role in overall living conditions particularly in its inter-play with employment opportunities and income levels. Higher educational levels of citizens are strongly associated with better living conditions.

3.6. Higher qualifications tend to reduce the risk of unemployment …

In general, higher education qualifications seem to reduce, albeit to differing degrees, the chances of unemployment in all Member States. In EU-15, the unemployment rate of persons with a tertiary education qualification stood at 6% in 1997 compared with 10% for persons who had completed at best upper secondary education and 14% among those who had not gone beyond compulsory schooling.
3.7. ... and increase earnings

Earnings are more likely to be higher for better qualified people. In all Member States, full-time employees with tertiary education earn more on average than those who had completed upper secondary school. The difference is over 50% in Germany, France and Austria and 100% in Portugal. The earnings difference between those with upper secondary and those with lower secondary education was rather less (10-20%) in most countries and, negligible in Greece, France, Ireland and Finland.

3.8. The younger generation is better qualified

Attainment levels of the population have improved significantly over the last thirty years. By comparing those currently leaving the education system with older generations, it is possible to monitor the trends over a long time-period. In 1997, 59% of persons aged 55-64 in EU-15 had completed only lower secondary education. This proportion had fallen to 32% among the younger age group 25-34.

These improvements can be explained by increased periods of compulsory education, a broader range of subjects being taught at schools, and the more recent promotion of life-long learning strategies. However difficulties in accessing appropriate educational services remain for certain groups of society e.g. young people, low-income families with young children, the disabled, migrants. These groups are likely to experience poorer living conditions and ultimately are at greater risk of social exclusion. As Europe makes the transition into the knowledge-based society, these particular needs of certain groups in society may become even more important.
4. RESPONDING TO FUTURE SOCIAL NEEDS

This section highlights the main needs in terms of social supply in relation to the trends described in the previous chapters.

4.1. The shrinking participation of older workers and the future of employment

Between 1986 and 1997, the proportion of men aged 55-64 participating in the work force fell by more than 6 percentage points. By contrast, the figure for women rose slightly, by 4 percentage points for women, albeit from a lower base.

Future population changes will modify the structure and the size of the population, which in turn, could further increase older people dependency ratios and social spending. With the ageing of the labour force, if the Union maintains current levels of early exit from work, there will be labour shortages and greatly accentuated old age dependency burdens. The main reason behind the lower activity rates amongst male workers beyond a certain age is attributable to industrial restructuring. Indeed, a Eurobarometer survey showed that at least 40% of early retirees regarded their departure from the labour market exit as largely involuntary and would have liked to continue working in some capacity. An increasing number of healthy people in their mid-fifties and sixties would like to continue working in some shape or form, or maintain some sort of involvement after their professional life has officially ended.

To maintain an increasing number of active older people requires investment in their skills and their motivation. Work in community and third sector enterprises is an area where older people remain active and could become even more so. It may often meet the requirements for promoting active ageing and gradual retirement.

4.2. Human resources: the cornerstone of the knowledge-based society

Within the overall framework of a knowledge-based society, it is clear that the educational and life-long learning systems throughout the Union will need to be responsive to the developing needs of society in a rapidly changing environment to ensure the accessibility to education for all groups within the society. Despite the considerable progress in education levels over the past decades, some groups of society remain at risk of a poor education. For example, 22% of 18-24 year olds leave the education system without completing a qualification beyond lower secondary schooling. The risks of unemployment and social exclusion for this group represent a major concern for social policy.

In addition to young people, other disadvantaged groups such as poor families with young children, the disabled, migrants and other minorities are confronting similar risks. These population groups need support on a number of different levels that are rarely offered by the formal education systems. Firstly, these groups need the opportunity to acquire some of the soft skills required in the workplace, such as communication skills, teamwork, leadership and accountability. Secondly, there is a need for practical information about career possibilities that might match their interests and aptitudes. Many people in these groups indicate that
choosing an appropriate career path is in fact the most difficult task facing them, and that things would tend to fall into place once that decision had been made. Thirdly, to avoid the "no experience, no job trap" it is vitally important that these groups are offered the opportunity to acquire some real workplace experience through exposure to different jobs and tasks.

Moreover, a growing part of the labour force (older workers, mainly blue collar, self employed, temporary and part-time workers) face increasing difficulties since they do not belong to the traditional target groups of our present vocational training systems. Future lifelong learning strategies should be better prepared to respond to these new needs.

4.3. **Intergenerational relations and the challenge of ageing**

Since 1995 dependency is increasing again due to the population ageing. By 2010, there will be twice as many older persons (69 million) as in 1960 (34 million). Even in the next decade, the number of persons aged 65 and over will rise by around 13% in EU-15. Germany (24%) is likely to witness the largest increase. The growth of the population over 80 years of age has been even more pronounced. Over the next decade, numbers of 'very old' people will rise by 36%. Belgium, Greece, France, Italy and Luxembourg are expected to experience the largest increases (around 50%).

![Size and share in total population of young (0-14) and elderly (65+) cohorts](image)

Although there is a lack of precise data on the number of old people dependent on long-term care, the European Commission, in its 1998 report on long-term care of the elderly, estimated that up to 5% of people aged 65 years and over are directly dependent on continuous social care, and around 15% are partly dependent. Dependency increases exponentially with age: 10% of those aged 75 years and over are directly dependent, with around 25% partly dependent.
4.4 Responding to the need for care

Care-dependency amongst the elderly and longer periods of financial dependency for young and old alike, put the people who are of working age under increasing pressure. This in turn raises questions about the divisions and boundaries between public and private responsibility. Much of the debate is centred on how to reduce the strains on inter-generational relationships while ensuring high-quality services to meet the needs of dependants. However, given the social trends observed, the issue of carers' may become more important.

4.5. Taking into account the gender balance for better quality jobs

Given the demographic trends over the next fifteen years, women are likely to be the main source of labour supply growth. However, established forms of discrimination in the labour market, coupled with more recent trends like the growth in part-time work (mainly taken up by women), perpetuate gender-based roles and leave women to shoulder most of the burden of providing care. As the demand for care expands, and increasing numbers of women want to take part in the labour market, tensions may well arise between family commitments and paid work.

Considerable progress has already been made but the changing pattern of household composition and family types may bring about further tensions: employment and family life must be made more compatible with each other, for both men and women. Innovative and viable schemes may be helpful in reconciling working life with the needs of families, households and individuals, to ensure that the entire burden of care is not placed upon families. Furthermore, the move towards the individualisation of rights could help both establishing a better gender balance and reduce pressure on pension systems.
5. **Concluding Remarks**

The previous pages based upon the findings of *"The Social Situation in the European Union, 2000"*, have outlined the main social developments and identified related areas of policy concern for the future.

The pace of change that we are undergoing in relation to globalisation, demographic change, new forms of work and family life, the transition to a knowledge-based society, is raising important concerns for social policy making. This report presents an overview of the current social situation based upon a harmonised set of high level social indicators. It also takes a prospective view of the social situation with respect to the main social developments, in particular demographic ageing, changes in household sizes and family structures, and the changing role of women in economic and social life. This provides a platform for future social policy development and debate across Member States.

The main conclusion of the report is that while there has been a general improvement in living conditions, particular groups of society are still facing social problems. At the same time, demographic and behavioural trends are generating new and increasing needs for social support, which will require timely and appropriate policy actions to be taken.