

BOOSTING EMPLOYMENT RATES

THE 1,000 BILLION EUROS PONTENTIAL

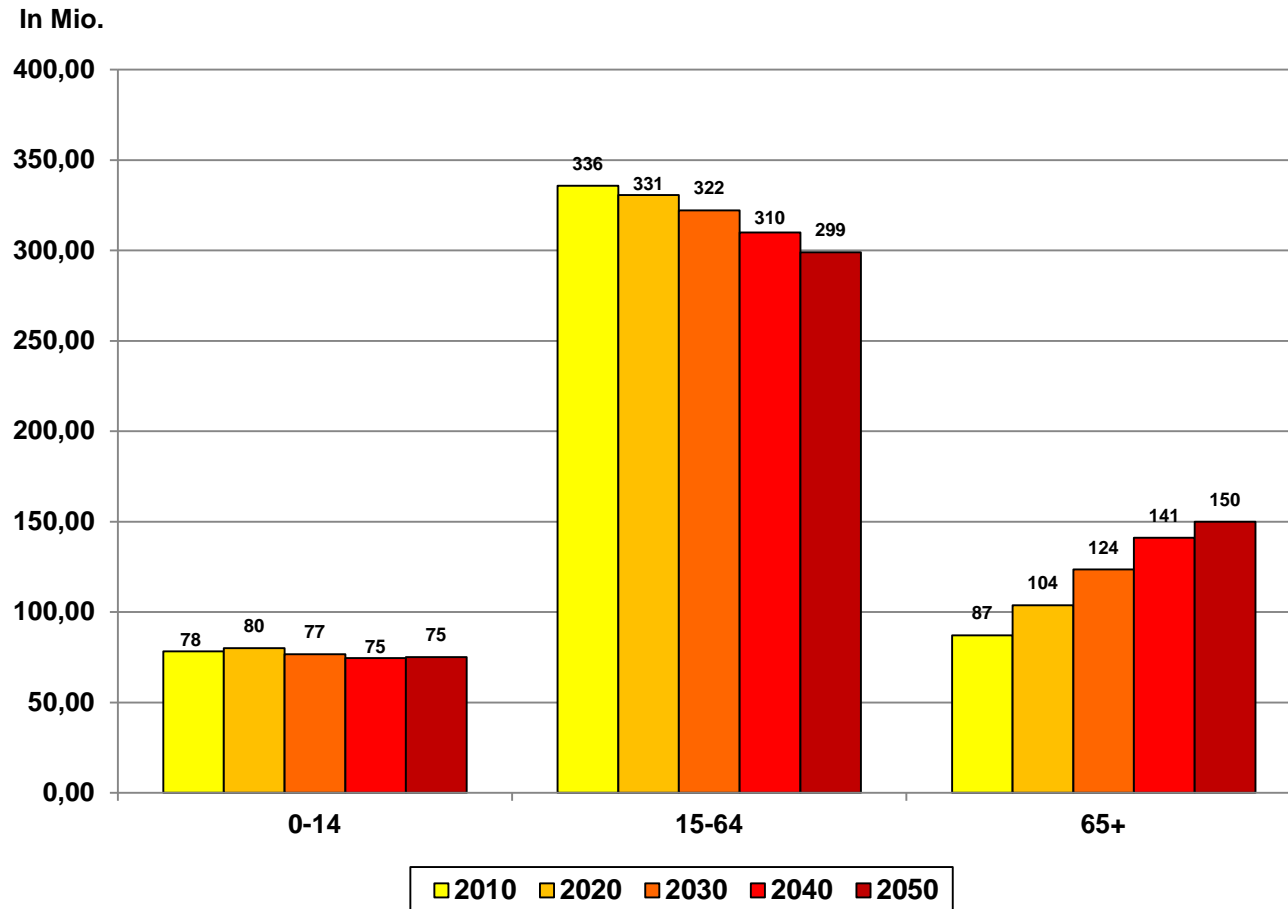
EPC / AK-Europa / ÖGB-Europa

Brussels, 25/03/2013

E.Türk, J.Wöss, F.Zuleeg, 1000 billion Euros at stake: How boosting employment can address demographic change and public deficits. EPC Issue Paper No. 72

DEMOGRAPHIC CHANGE 2010 – 2050

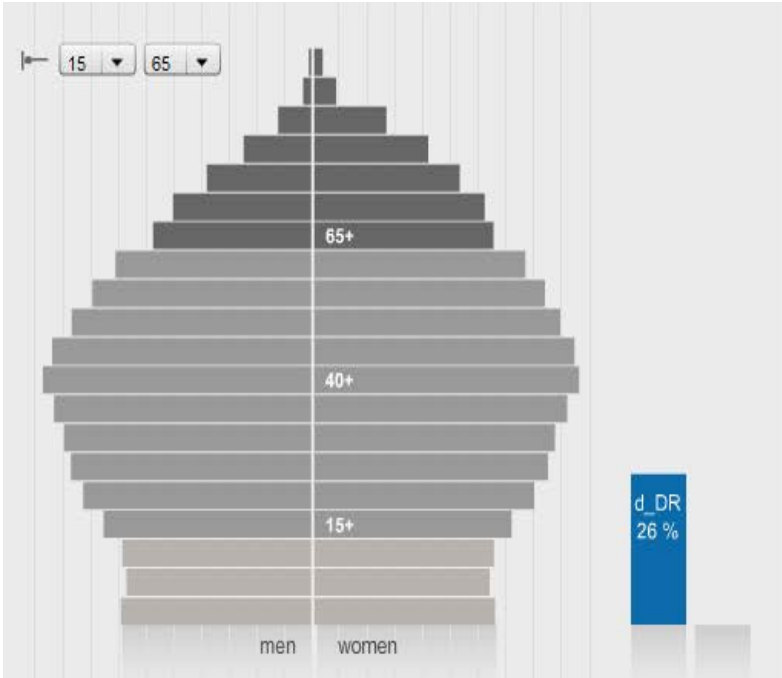
Age groups 0-14 / 15-64 / 65+



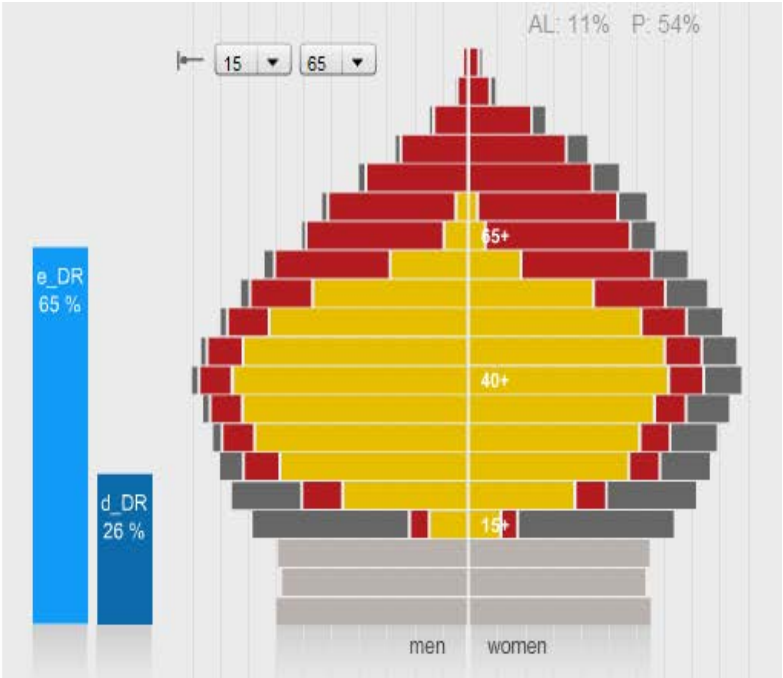
Source: Eurostat (europop 2010); own calculations

DEMOGRAPHIC vs ECONOMIC DEPENDENCY 2010

2010
demographic dependency ratio: 26%



2010
demographic dependency ratio: 26%
economic dependency ratio: 65 %
employment rate (20-64): 68.6 %



- people in employment
- unemployed and pensioners
- others: students; housewives/husbands, etc.

SCENARIOS FOR 2020

„Status-quo“ vs „EU-2020“

	2010	2020	
		„Status-quo“ scenario	„EU-2020“ scenario
Employment rate (20- 64)	68.6 %	68.1 %	75.0 %
Unemployment rate	9.8 %	9.6 %	5.6 %
No. of people in employment	219 mio	- 3 mio	+ 19 mio
Productivity growth (p.a.)		1.3 %	1.3 %
Benefit ratio (2020 / 2010)		- 2.9 %	- 2.9 %

Sub-scenarios:

Status-quo_2 („tightened austerity“)

benefit ratio - 10.0 %

EU-2020_2 („high productivity“)

productivity growth 1.8 %

„STATUS-QUO“ SCENARIO

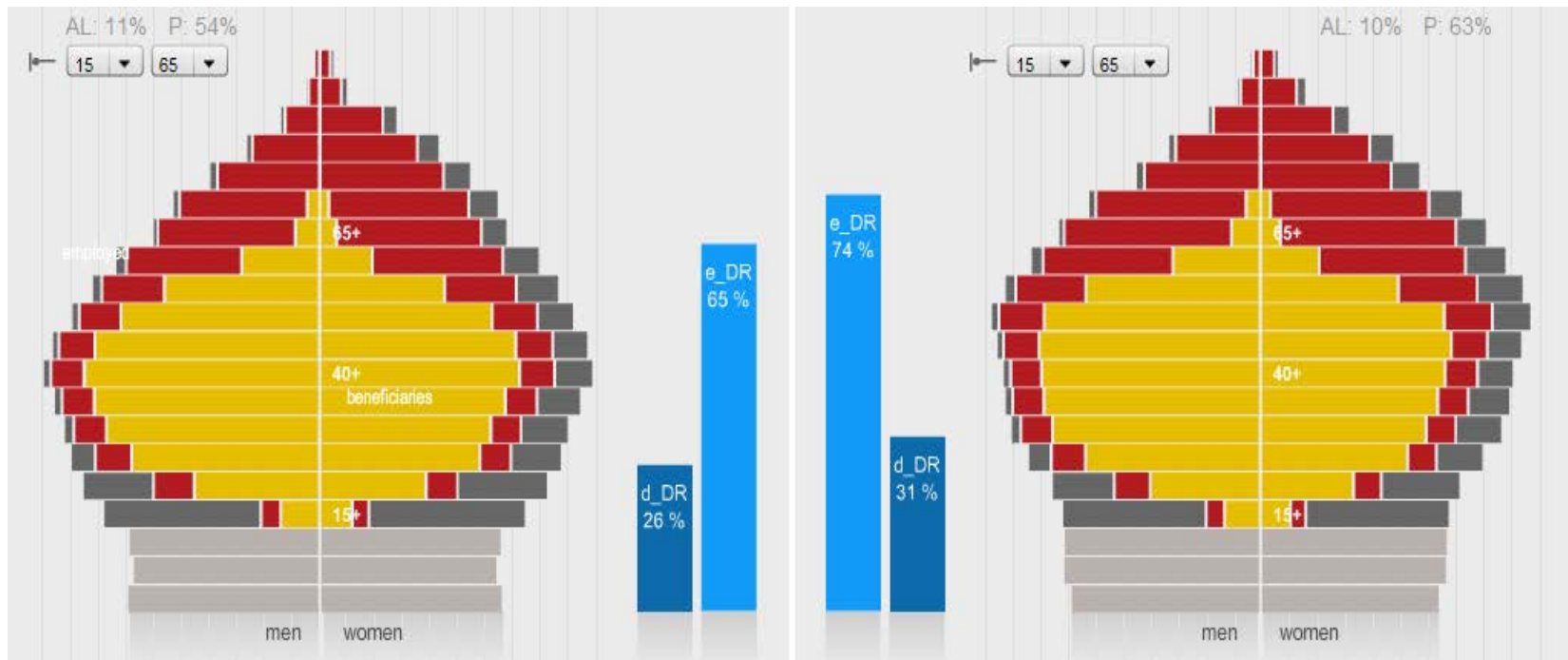
Impact on economic dependency ratio

2010

demographic dependency ratio: 26 %
economic dependency ratio: 65 %
employment rate (20-64): 68.6 %

2020 („Status-quo“ scenario)

demographic dependency ratio: 31 %
economic dependency ratio: 74 %
employment rate (20-64): 68.1 %



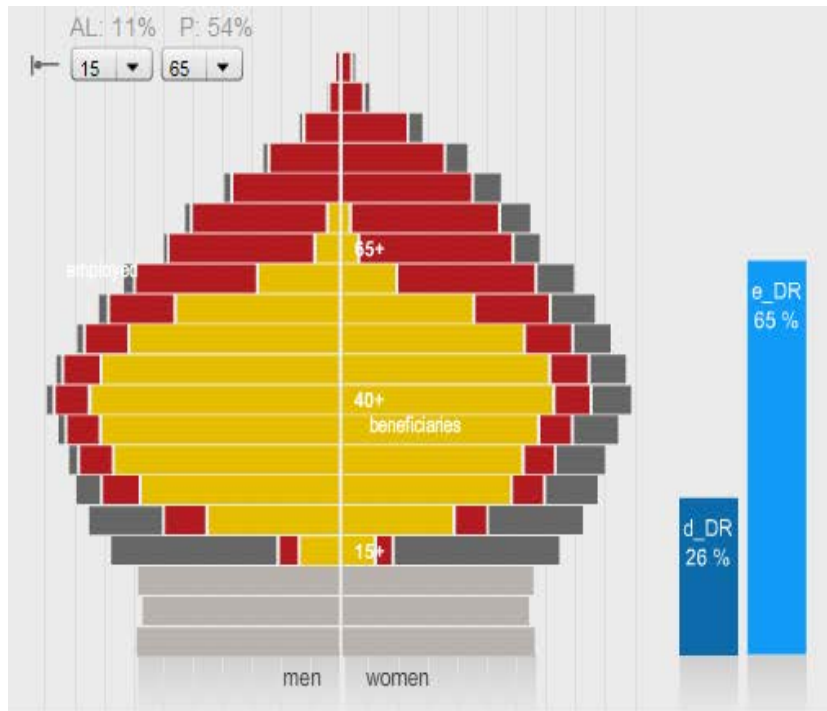
- people in employment
- unemployed and pensioners
- others: students; housewives/husbands, etc.

„EU-2020“ SCENARIO

Impact on economic dependency ratio

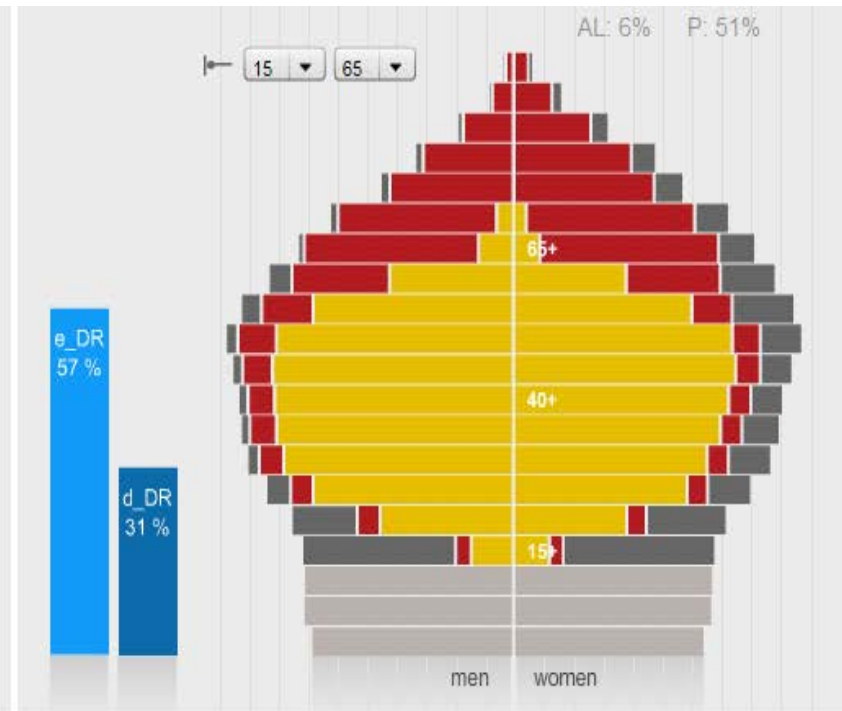
2010

demographic dependency ratio: 26 %
economic dependency ratio: 65 %
employment rate (20-64): 68.6 %



2020 („EU-2020“ scenario)

demographic dependency ratio: 31 %
economic dependency ratio: 57 %
employment rate (20-64): 75 %



- people in employment
- unemployed and pensioners
- others: students; housewives/husbands, etc.

„STATUS-QUO“ vs „EU-2020“ SCENARIO

Impact on public budgets

	Budgetary net effect 2020 (compared to „Status-quo“ scenario)	
	in billion Euros	in % of GDP
„Status-quo“ scenario	---	---
„EU-2020“ scenario	912	6.0 %
„EU-2020“ sub-scenario	1,175	7.4 %
„Status-quo“ sub-scenario	132	1.0 %

„Finance ministries should look at labour market policy differently: not as a social outlay but as an investment in the future, which will provide significant and sustainable returns“

(EPC Issue Paper No. 72, Conclusions and policy implications)