

4th Parallel Session: Ageing Europe – how can we address it by embracing new technologies?

Chairperson: Mrs Ella Marlenivna Libanova, Director of the Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine

Participants: heads of delegations of Member States, international institutions

DISCUSSION POINTS:

- *What are the challenges and opportunities emerging from current and future demographic shifts?*
- *How should work be redesigned for an aging workforce? What role does technology play?*
- *What broad measures have proven to be effective in reducing inequalities affecting old age workers?*
- *How can early-life interventions tackle labour market inequalities for aging workers?*

The fourth panel discussion focused on the impact that an aging population and labor force has on the labor market, as well as the new opportunities and employment risks in a digital economy for an older population. New technologies will lead to expanded opportunities for flexible work arrangement, teleworking, and self-employment, and will decrease intensive and extensive physical and manual labor. However, at the same time, new technologies will change labor force qualification requirements, for instance, as communication skills and the ability to work with artificial intelligence become much more important (and, in many cases, become both necessary and required). Furthermore, the acceleration of technological change will also lead to the acceleration of changes in qualification requirements for the labor force.

An aging population naturally leads to an increased burden on social programs which provide medical care, pensions, and social assistance. This means not only additional financial expenditures, but also additional job creation in related industries. An aging population provides not only an expansion of opportunities for employment in retirement age, but also for travel, entertainment and other active forms of leisure. Consequently, new jobs are being created in these sectors as well.

Changes are also taking place in the actual working age, both at the beginning and the end of life. Due to the longer process of acquiring a primary education and obtaining a profession, people begin to work later. At the same time, since the labor market imposes fewer physical requirements on employees, they can stop working and retire later as well. Various speakers noted that, as a result, the continual prevention and timely treatment of illnesses is essential, as is maintaining the necessary technical skills and qualifications for every age group. In addition, the speakers noted that employees tend to retire earlier than the law specifies.

Currently, some employees who have not yet reach retirement age stop working once they receive the right to a partial or an early pension. The number of such employees is significant. Because the long-term birth rate remains at a very low level, and mortality has also decreased, this has led to an increase of the proportion of employees aged 50+ in the total labor force. Furthermore, in the near future, this trend is not expected to change. Thus, the economies of all European countries will be forced, in one way or another, to focus on an aging labor force.

Discussion participants also emphasized the need to expand lifelong learning and highlighted that this training should be aimed to ensure that older people have modern and demanded competencies in the labor market. This requires both appropriate infrastructure and necessary convincing, because it is very important to overcome older employees' mistaken prejudices regarding their own capabilities.

Thus, the aging of the population and labor force requires lifelong learning together with lifelong social and medical support. Various issues and needs of older people were also discussed by the panel. Speakers noted that aging inevitably leads to an increased burden on the working-age population and, in particular, on the pension system. Most countries have responded to this issue by raising the retirement age.

However, some speakers expressed their doubts about the fairness of such a policy. At the same time, the practice of compulsory dismissal of employees who have reached retirement age in several countries has triggered criticism. There is also no confidence in the feasibility of a massive transition to private pension fund management.

The general conclusion reached by the discussion participants is that the needs of an aging population go beyond a merely financial framework, because the elderly also need the help of specialized social services, which entails communication contacts and inclusion in social life.

Panelists also focused on the role of migration in an aging population and labor force. Much was said about the impact of the labor market and, in particular, the wage and labor demand, on the volume of external migration. It is important to note that migration differs extensively among European countries.

For instance, the representative from Germany noted that, due to migration, the economy of her country has not experienced significant problems associated with an aging population. At the same time, representatives from Eastern European countries, in particular Lithuania, indicated that migration outflow increases depopulation and population aging, which further complicates economic difficulties in these countries. There also was a sharp discussion between trade union representatives and employers about the possibility and necessity of raising wages in order to reduce the volume of population outflow. In addition, speakers discussed the role of different tax rates in the investment climate, and hence in the number of jobs and the outflow or inflow of migrants. The opinion was expressed that formation of

universal principles and universal taxation scales would be in the best interests of the European Union. It was also noted that the massive inflow of labor from poorer countries, especially from countries outside the European Union, does not compensate for the labor outflow from the poorer countries of the European Union. Moreover, new difficulties arise caused by the disparity between the quality of the labor force of immigrants and the requirements of the receiving labor market, cultural incompatibility, and deterioration of the criminal and social environment in general.

Much attention was paid to inequality and, in particular, to the vulnerability of older employees in the labor market. Usually they are more likely to lose their jobs, have a lower salary, and it's also harder for them to find a new job once they become unemployed. Apparently, the unavoidable significant structural unemployment caused by the digitalization of the economy will have a more pronounced impact on older employees.

Some panelists noted that unfortunately the stereotypes about older employees are still common in society. It is widely believed that older people are poorly assimilated by new knowledge and competence, often get sick, and cannot work with the intensity of younger workers. However, at the same time, older employees are often more responsible than young people, do not strive for career growth, and therefore are friendlier to their colleagues and are more often willing to share their knowledge and experience. The need for systematic and comprehensive protection of the rights of older workers was emphasized during the discussion. However, it is also important to provide such protections without compromising the rights of others, in particular younger workers.

Obviously, it is necessary to increase attention to the problems of aging. Complex research and policy solutions are needed. While discussing the specifics in different countries and recognizing the need to study and share best practices, panel members stressed that the success of specific policy decisions in some countries does not guarantee good results in others. During the discussion it was noted that while we understand well the goals of such policy solutions, and that we need to act, we still have little idea how to implement it.

Sincerely,
Ella Libanova