

# Is the increased women's labour market participation an appropriate measure for improving public sector sustainability?

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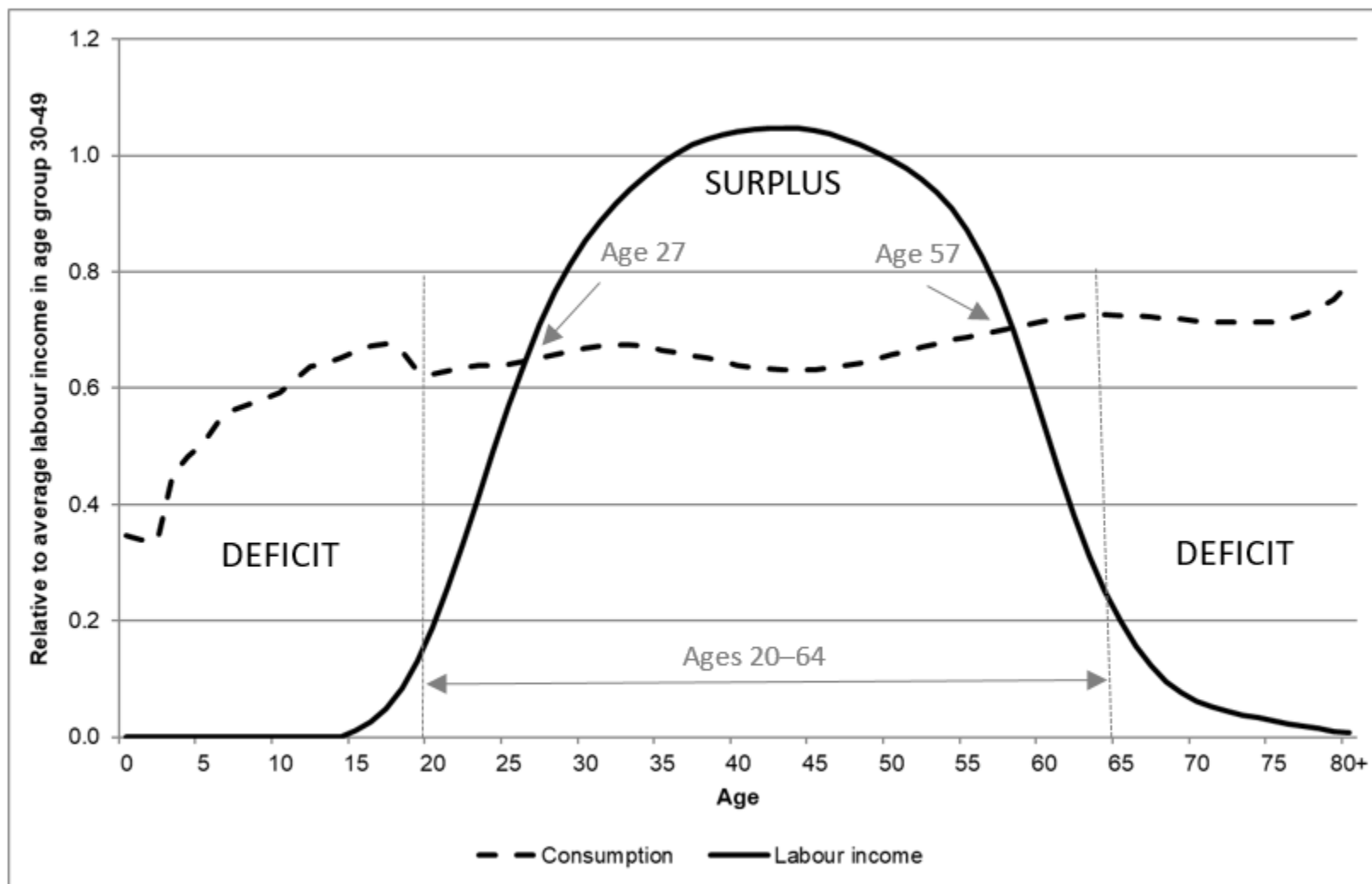
NTA 2020 meeting

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# Introduction

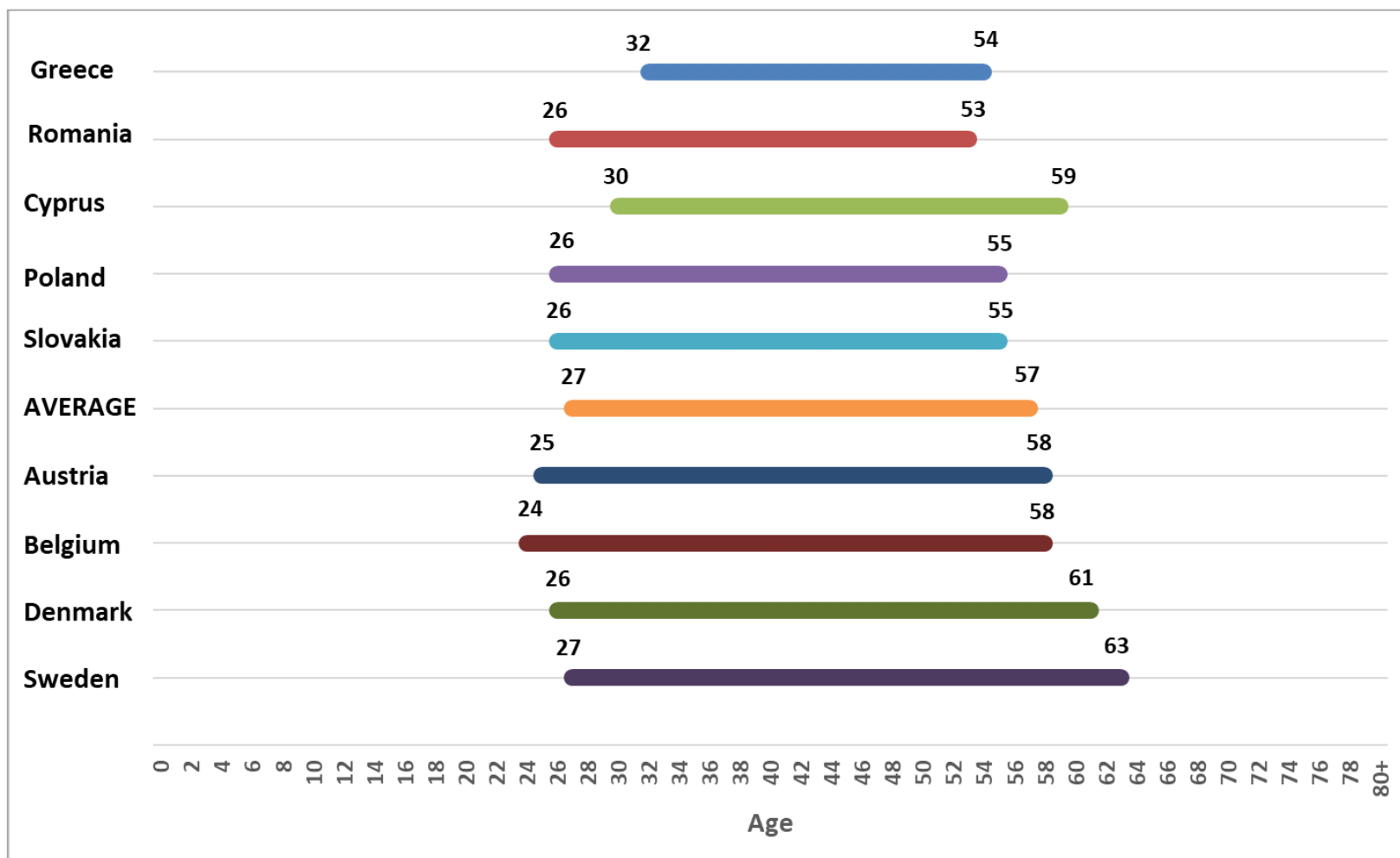
- European countries differ substantially in their cultural and institutional settings:
  - different degree of economic dependency
  - different importance of specific type of age reallocations
- Population ageing is common to all the countries → pressure on the public transfer system
  - How the pressure differs among countries?
  - How the negative consequences of population ageing can be mitigated?

# Consumption and labour income in EU countries in 2010



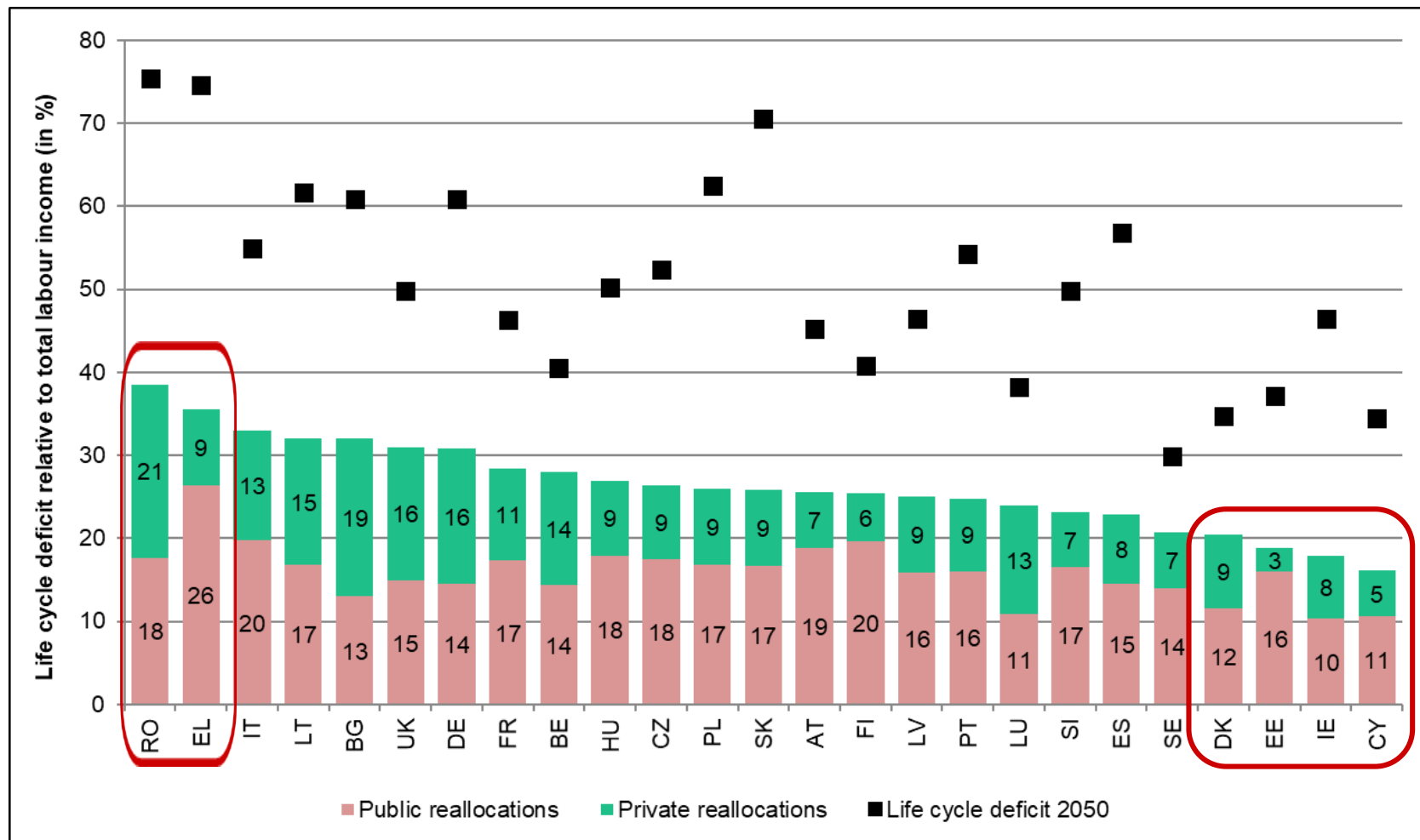
Source: Sambt, Hammer, & Istenič, forthcoming.

# Age span in which people are net supporters (labour income exceeds consumption)



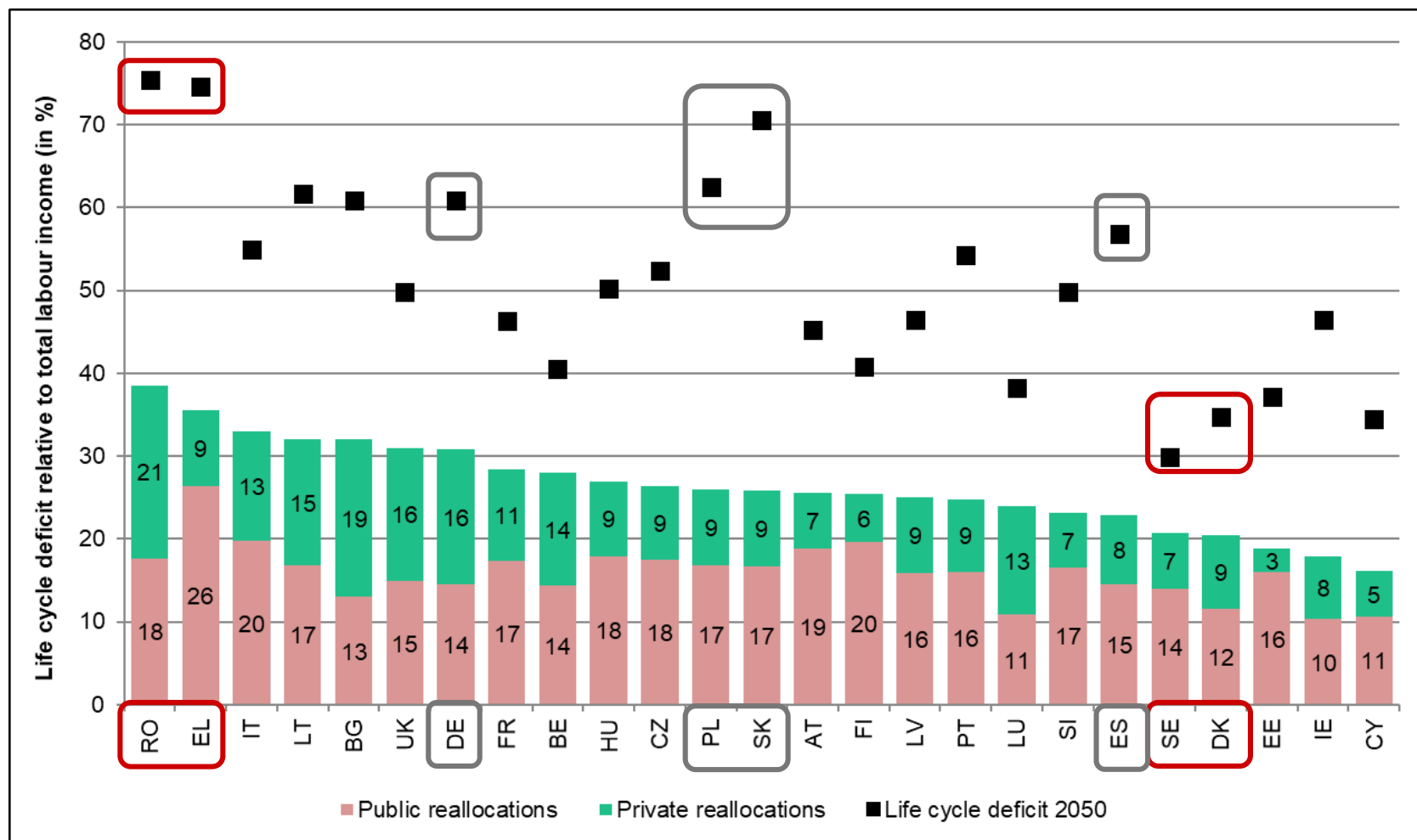
Sources: *Istenič et al., 2016; own calculations.*

# Financing the difference between consumption and labour income of elderly people in EU countries in 2010 and 2050



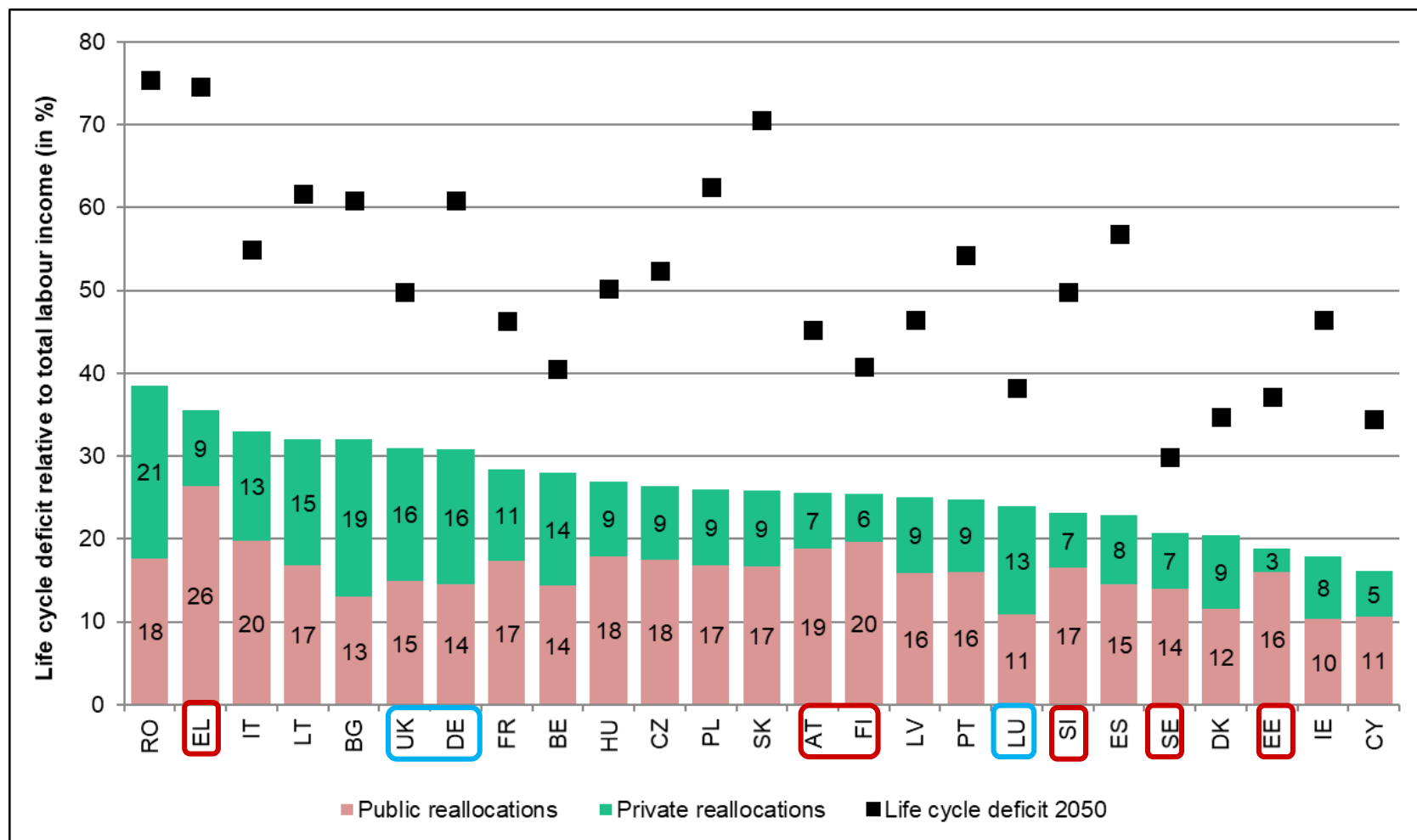
Sources: *Istenič et al., 2016; Sambt et al., forthcoming.*

# Financing the difference between consumption and labour income of elderly people in EU countries in 2010 and 2050 (cont.)



Sources: *Istenič et al., 2016; Sambt et al., forthcoming.*

# Financing the difference between consumption and labour income of elderly people in EU countries in 2010 and 2050 (cont.)



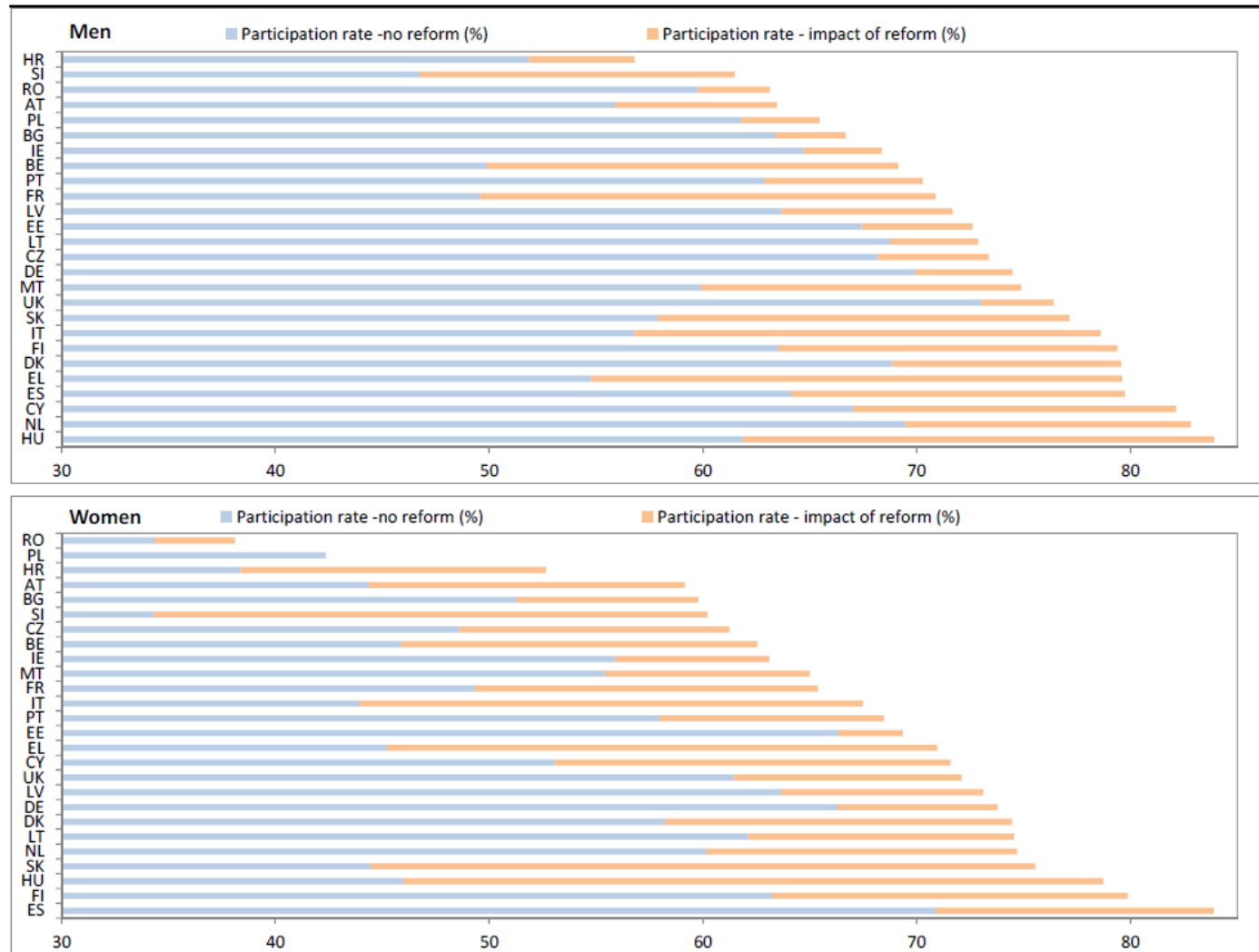
Sources: *Istenič et al., 2016; Sambt, et al., forthcoming.*

# What can we do?

- 1) Reduction of the economic dependency of the elderly:
  - decreasing public benefits
  - lowering consumption
  - ✓ prolonging labour force participation
  
- 2) Increasing ability of the working-age population to support others:
  - increasing fertility rate
  - ✓ increasing the surplus



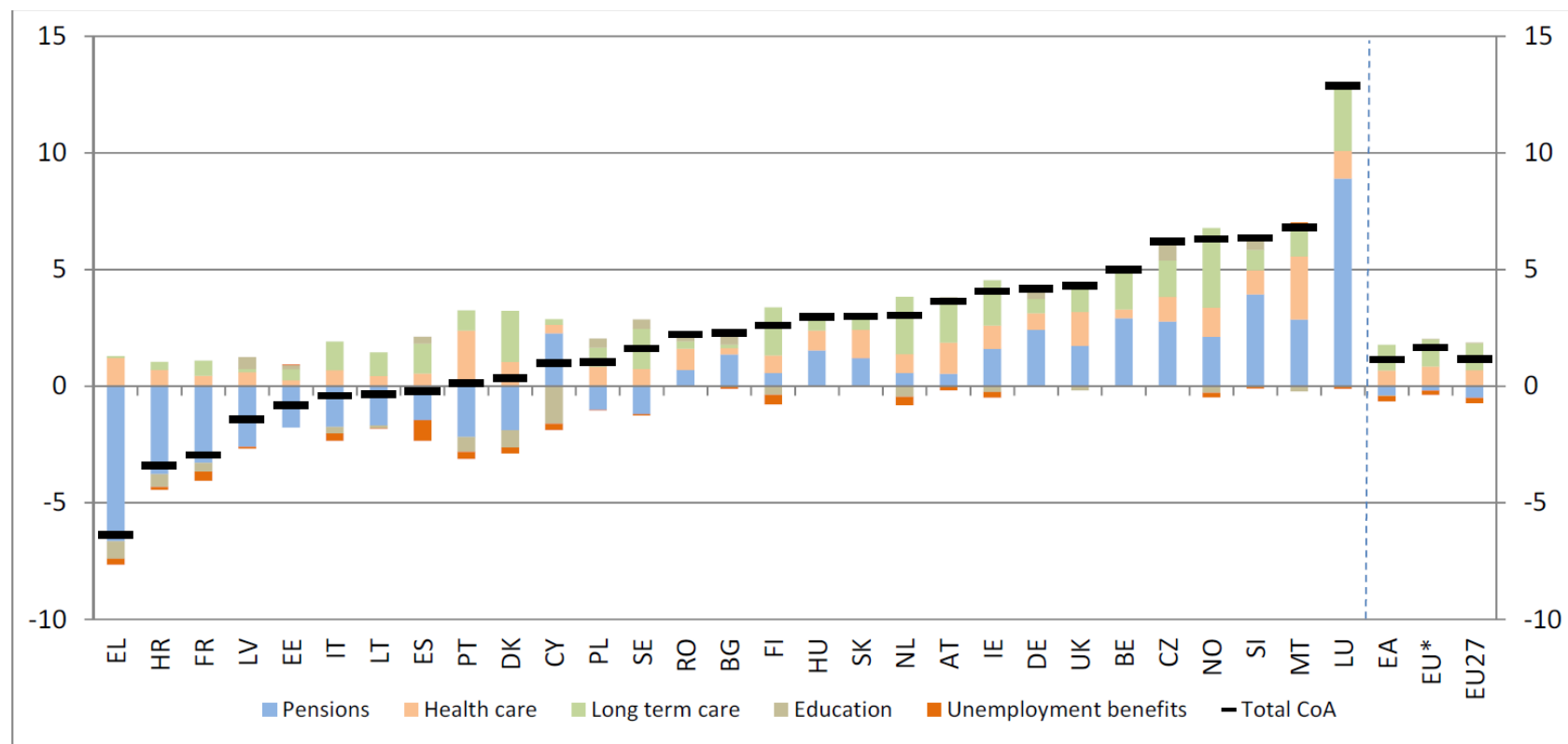
# Impact of pension reforms on participation rates of persons aged 55–64 in 2070 (percentage points)



Note: LU, SE and NO excluded as there is no legislated pension measures that will affect retirement behaviour in the interval 2016 - 70.

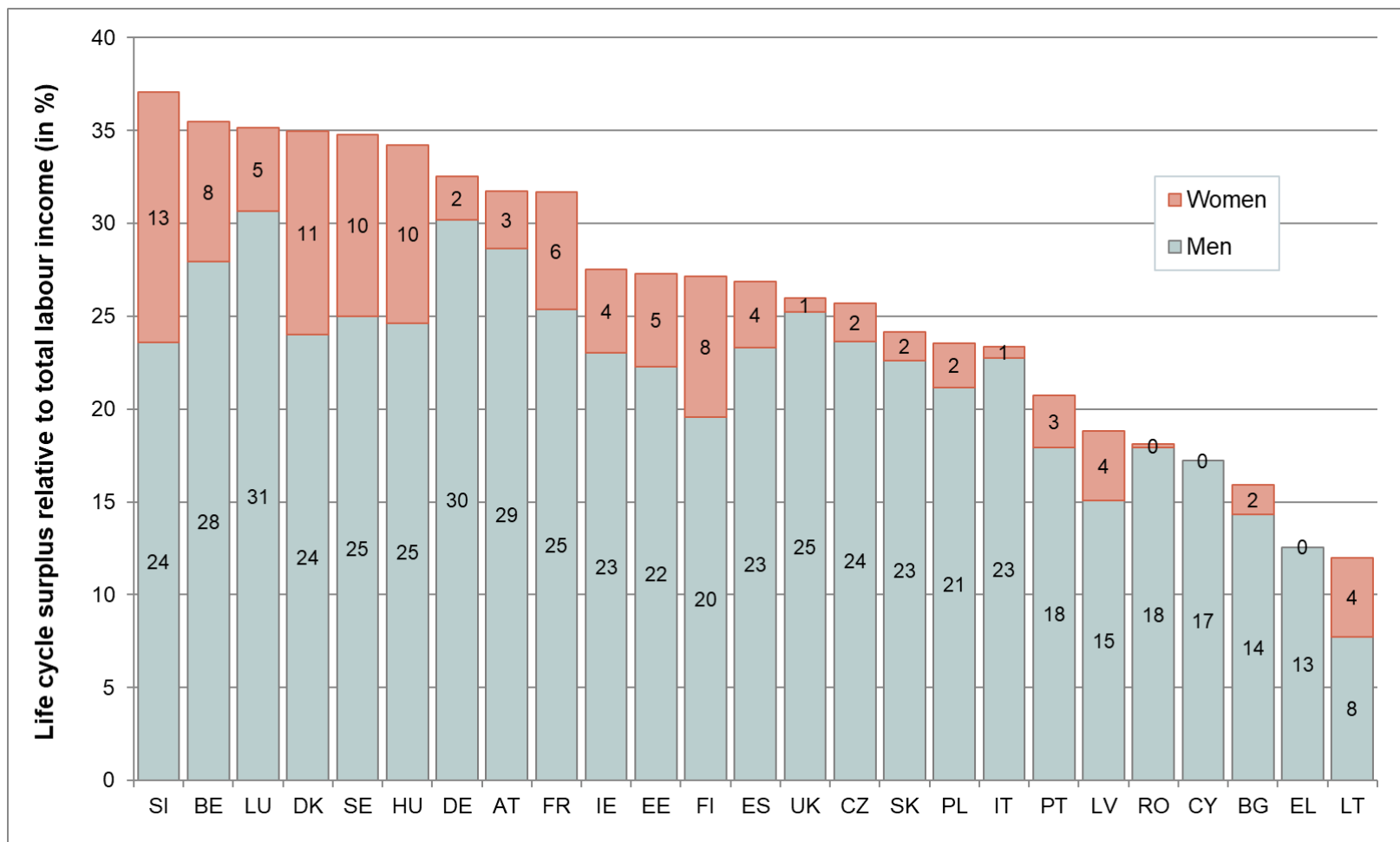
Source: European Commission, 2018

# Projected change in age-related expenditure, 2016-2070, by expenditure component, pps. of GDP



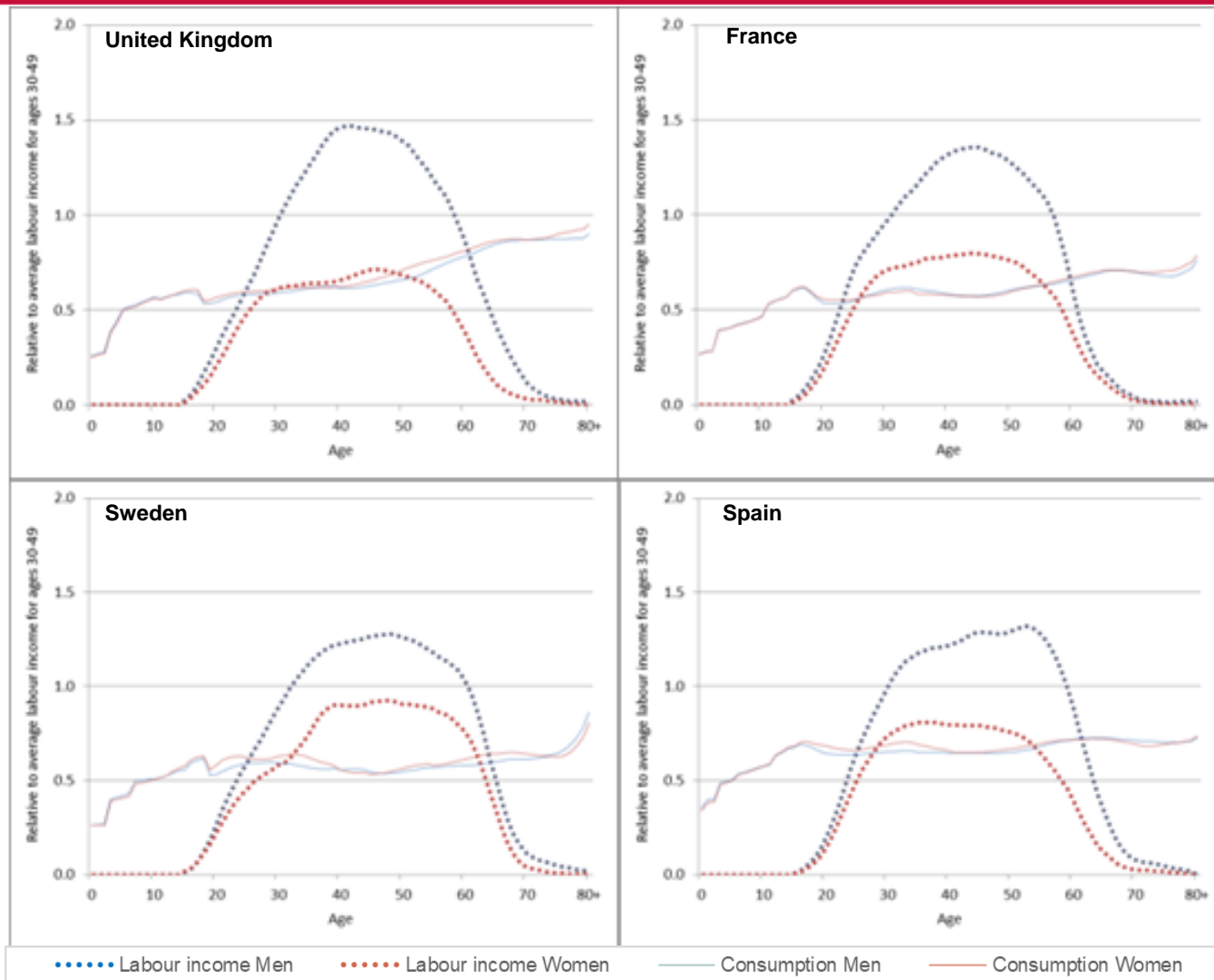
Source: European Commission, 2018

# Life cycle surplus for men and women in EU countries in 2010



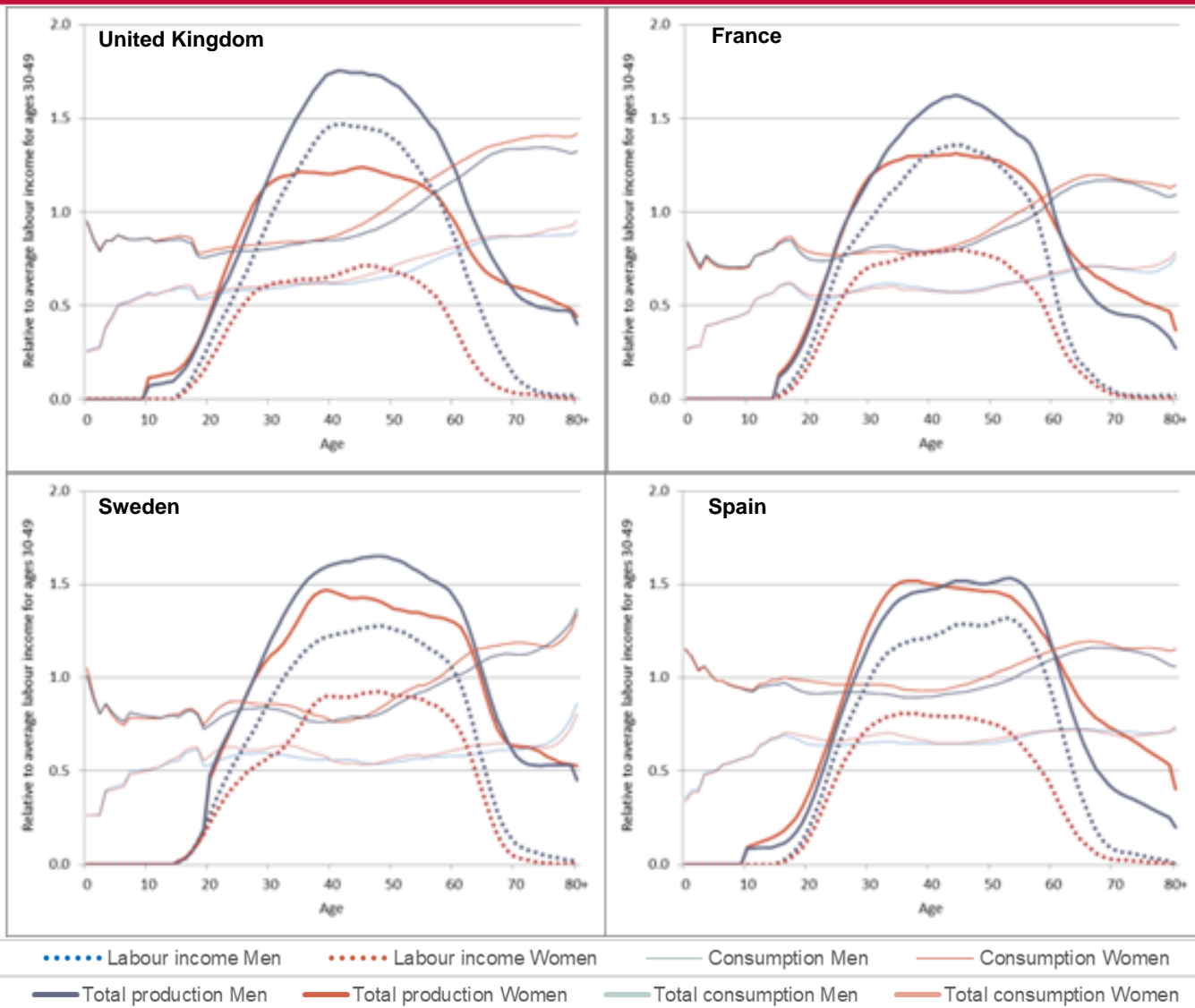
Sources: Istenič et al., 2016; Sambt et al., 2017.

# Gender-specific consumption and labour income in 2010



Source: *Istenič et al., 2016.*

# Gender-specific consumption and production in 2010



Sources: *Istenič et al., 2016; Vargha et al., 2016; own calculations.*

# Gender gap in life cycle surplus in EU countries, 2010

Country	Life cycle surplus as % of labour income			Total life cycle surplus as % of labour income		
	Men	Women	Contribution of women compared to men	Men	Women	Contribution of women compared to men
Belgium	28.1	7.7	27.4	29.1	19.0	65.2
Bulgaria	15.1	1.7	11.6	14.1	9.8	69.4
Estonia	23.5	5.4	22.8	23.6	13.3	56.3
Finland	20.3	7.9	39.0	21.9	18.8	85.6
France	26.3	6.4	24.2	26.7	17.5	65.5
Germany	30.3	2.2	7.3	31.4	12.6	40.1
Italy	24.6	0.6	2.5	20.6	17.7	86.1
Lithuania	8.3	4.1	49.1	8.0	10.3	128.8
Latvia	16.3	3.9	24.0	14.9	10.1	68.0
Poland	23.8	3.0	12.5	24.7	14.9	60.5
Slovenia	23.1	14.3	62.0	23.3	24.4	104.7
Spain	23.8	3.6	14.9	20.8	18.7	89.7
Sweden	25.5	10.3	40.5	29.2	20.2	69.2
UK	27.4	0.8	2.9	28.3	10.5	37.0

Source: Istenič, 2019; Sambt & Istenič, 2020

# Conclusions

- Increased women's labour market participation is possibly an effective measure only in countries in which the contribution of women compared to men remains low even after including unpaid household work (Germany, the UK, Estonia, Poland).
- Problematic measure in Lithuania, Slovenia, Finland, Italy, Spain, where the workload of women is already high.
  - A higher women participation in the labour market would probably lead to less time spent on unpaid household labour or squeeze out their leisure time.
  - Because traditional patterns of division of labour between men and women within the households can hardly change in the short term, this measure can substantially decrease the welfare in such countries.