



**Dear Reader,**

This current issue you are going to read is the 30th issue of our Newsletter. Thank you for your interest in our work.

October is the most important month in our research year 2008 as we organized two main events – “Reinventing Retirement: Reshaping Health and Financial Security for the EU 27 and Eastern Europe” together with the American Association of Retired Persons (AARP) and our annual General Assembly at the United Nations Office in Vienna. Please find more details in this Newsletter.

**Annette Hexelschneider**

Head of Knowledge and Information Management Support Unit

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## Policy Brief

### “Poverty Across Europe: The Latest Evidence Using the EU-SILC Dataset”

The rate of poverty varies between 10% and 23% in the countries of the European Union. Low levels of poverty characterize the Scandinavian countries, the so-called Corporatist countries (Austria, Germany), and the Czech Republic, Slovakia and Slovenia among the former Socialist countries. In contrast, the risk of poverty tends to be relatively high in the Mediterranean and the Baltic states.

The October Policy Brief by Orsolya Lelkes and Eszter Zólyomi discusses the sensitivity of these estimates to the measures used and explores the underlying patterns across the vulnerable groups and the likely causes of poverty in these countries.

The results presented are part of a long-term research project completed within the European Observatory on the Social Situation and financed by the European Commission.

Read more about: [Policy Brief](#), [project information](#)

For further information please contact: [Orsolya Lelkes](#), [Eszter Zólyomi](#)



## Events

### Upcoming Events

#### **6-7 November, London: Long-Term Care – Risk Profiles, Determinants and Financing**

At the 5th Geneva Association of Health & Ageing Conference, Manfred Huber will deliver a speech on “Financing Long-Term Care in Europe: How Will the Public-Private Mix Evolve?”.

Read more: [agenda](#)

For further information please contact: [Manfred Huber](#)

### Past Events

#### **28-29 October 2008, United Nations Office in Vienna: General Assembly Meeting 2008**

The General Assembly Meeting is the annual meeting of the European Centre’s Board Members, NLOs, staff and observers. The management report by the Executive Director and thematic sessions with transversal papers written by staff members and commented by NLOs inform about last year’s work as performed by the EC. Moreover, they highlight possibilities for further activities.

The event was by invitation only. However, abstracts of the speeches as well as our Annual Report of Activities & Programme Overview 2008/2009 are accessible for interested readers on our website.

Read more: [General Assembly Meeting website](#)

For further information please contact: [Annette Hexelschneider](#)

#### **23-24 October 2008, Dürnstein, Austria: Reinventing Retirement: Reshaping Health and Financial Security for the EU 27 and Eastern Europe**

This high-level conference took place in Dürnstein, Wachau (Austria) under the auspices of the European Centre and the AARP (formerly the American Association of Retired Persons). It brought together a range of experts and policy-makers from the EU-27 member countries, the UN, the ILO, the World Bank as well as delegations from the AARP and the European Centre, to present and discuss the state of the art of knowledge on the multiple causes and consequences of population ageing in Eastern Europe, and its socio-economic consequences for Western Europe.

On Thursday, **Session One** tackled the macro-economic context and mid-term prospects, reviewed the economic, labour market, and immigration developments in CEE countries today and tomorrow, as well as the social policy implications of these developments. Highlights were, among others, Michael Landes-



mann's discussion of growth and innovation issues, Olivier Bontout's French perspective on early exit and related policies for extending working life. Bernd Marin presented the European Centre's Facts and Figures booklet, which provided a basis for factual double-checking throughout the conference and which will also figure in the ensuing book volume with the conference proceedings.

**Session Two** addressed demographic and population changes over the short and the long run, including declining fertility rates, increased migration, and longevity trends. Highlights were Rainer Münz's discussion of East-West but also East-East migration flows, and Nikolai Botev's summary of five main demographic trends in the region. Botev pointed, for instance, to CEE-specific problems such as that of "sandwiched generations" and the fact that, more so than in Western countries, CEE population ageing can be expected to remain a serious policy problem for the next four decades at least.

**Session Three** discussed economic security, pension reforms, and pensions' adequacy after the collapse of communism's "premature" welfare states. Highlights included Oxana Sinyavskaya's summary of the case of Russian public pensions, which a number of conference participants agreed to be the best synthetic review on Russia to date.

On Friday, **Session Four** tackled poverty and living standards of the 50+ populations in CEE. It provided a forum for illustrating the OECD's and the European Centre's contributions and publications in this field, including Asghar Zaidi's book on multidimensional well-being of the elderly. A further highlight was Orsolya Lelkes's particularly lively and thought-provoking presentation on the puzzling degree of unhappiness among the elderly of the region; a generation apparently unhappier still than could be inferred from already low domestic GDP levels.

**Session Five** tackled public health and long-term care, highlighting the innovative data gathering and monitoring work by the European Centre's team of Manfred Huber, Frédérique Hoffman and Ricardo Rodriguez. The AARP's Donald Redfoot discussed migration trends in this particular subfield, where richer countries increasingly depend on the supply of workers from poorer countries, leading to often stunning levels of "caring and nursing brain drain" from the latter to the former countries.

**Session Six**, lastly, presented an overview of national and international policy responses – and policy mistakes – within the UN-European Region and presented the Centre's past and ongoing work on *Mainstreaming Ageing* (MA:IMI). The session ended with a synthetic keynote address by Dalmer Hoskins of the US Social Security Administration, who provided a masterful yet witty summary of the core themes and topics covered during the conference.

Population aging and related problems of health, pensions, and care provision will clearly remain a hot policy issue for CEE, the EU-27, and OECD democracies more generally, for years to come. The Dürnstein Conference abundantly made clear that the European Centre and the AARP are well-positioned in this respect to stake out key positions of, respectively, empirically informed policy advice, and policy advocacy, in this field.

Summary written by [Pieter Vanhuysse](#). Read more: [conference website](#) with agenda and speakers' portraits. For further information please contact: [Bernd Marin](#)



## **10 October 2008, Vienna: 100th Anniversary of the Foundation of the Austrian Pharmaceutical Salary Fund**

At the occasion of the 100th anniversary of the Foundation of the Austrian Pharmaceutical Salary Fund, Bernd Marin and Michael Fuchs presented the main findings related to the research project “Positive Externalities of the Salary and Part-time System of the Austrian Pharmaceutical Salary Fund” at a press conference in the Viennese Hofburg.

Via cost allocations to the Salary Fund, not only compensation in the costs between elder and younger employees is secured, but also equal salaries for men and women in case of equal job performance. Working hours of salaried pharmacists are assessed in tenth parts (full-time occupation: 40 hours per week), in which the minimum working hours amount to 8 hours a week (2 tenths). Compared to the total economy and other sectors, it was found that the pharmacy sector saw a vast employment increase over the last decades, features a very high share of women especially in the highest qualification groups and a highly pronounced part-time behaviour of salaried pharmacists, shows practically no unemployment and a very high retirement age (on average at the legal retirement age) as well as impressive rates of early re-entry of mothers with small children.

For further information please contact: [Michael Fuchs](#)

## **30 September 2008, Brussels: European Observatory on the Social Situation – Meeting with the European Commission, DG Employment**

The Commission informed our network (Network on Social Inclusion & Income Distribution, in which the European Centre is one of four partners) that the Commission’s Social Situation Report (which is based on the input from the network) is now on-line and the printed copy will also become available soon.

The Commission officials, just as the invited external experts, including Michael Förster (OECD) and Eric Marlier (CEPS/INSTEAD) commented on the draft annual report prepared by the network. The annual report, including a detailed analysis of income distribution and the policies affecting it, will be finalised by the end of the year, and will be disseminated in book format as an official publication of the European Commission.

Read more about: [EC project information](#), [EU project information and downloadable reports](#)

For further information please contact: [Orsolya Lelkes](#)



## Publications

### Working Paper

**Co-authored by our Research Affiliate Herwig Immervoll**

**Immervoll, H., Jacobsen, H., Kleven, C., Thustrup, K. and Verdelin, N. (September 2008) “An Evaluation of the Tax-Transfer Treatment of Married Couples in European Countries”, EM07/08**

This paper presents an evaluation of the tax-transfer treatment of married couples in 15 EU countries using the EUROMOD micro-simulation model. First, we show that many tax-transfer schemes in Europe feature negative jointness, defined as a situation where the tax rate on one person depends negatively on the earnings of the spouse. This stands in contrast to the previous literature on this question, which has focused on a specific form of positive jointness. The presence of negative jointness is driven by family-based and means-tested transfer programmes combined with tax systems that usually feature very little jointness.

Second, we consider the labour supply distortion on secondary earners relative to primary earners implied by the current tax-transfer systems, and study the welfare effects of small reforms that change the relative taxation of spouses. By adopting a small-reform methodology, it is possible to set out a simple analysis based on more realistic labour supply models than those considered in the existing literature. We present micro-simulations showing that simple revenue-neutral reforms that lower the tax burden on secondary earners are associated with substantial welfare gains in most countries.

Finally, we consider the tax-transfer implications of marriage and estimate the so-called marriage penalty. For most countries, we find large marriage penalties at the bottom of the distribution driven primarily by features of the transfer system.

Read more: [working paper](#)

For further information please contact: [Herwig Immervoll](#)

### Peer-Reviewed Journal

**Co-authored by our Research Affiliate Pieter Vanhuyse**

**Vanhuyse, P., Tepe, M. (2009) ‘Are Aging OECD Welfare States on the Path to the Politics of Gerontocracy? Evidence from 18 Democracies, 1980-2002’, Journal of Public Policy**

Pieter Vanhuyse’s working paper with Markus Tepe has been accepted for publication in the Journal of Public Policy, first issue 2009. This first version of the paper was written and presented at an International



Seminar at the European Centre, May 2008. Markus Tepe also presented a paper on pension reform pathways at an International Seminar at the European Centre, October 2008.

Tepe and Vanhuysse's "aging politics" findings are of special relevance in the context of the European Centre's ongoing work on Mainstreaming Ageing (MA:IMI) and monitoring pensions, and in the context of the Dürnstein High-Level Policy Expert Meeting and the Centre's ongoing collaboration with the AARP (see above in this Newsletter).

The "aging politics" paper offers a major review of the current scientific state of the art, in both economics and political science/sociology, regarding the effect of accelerating population aging on pension spending, and then tests these theories with the most recent data available. Specifically, it investigates the effects of population aging on both the program size and the benefit generosity of public pensions. We find that population aging leads to the "cutting of smaller slices out of larger cakes": it increases overall pension program spending but decreases the generosity of individual benefits. Politics still matters – but differently. While the effect of political party ideology seems to be waning very much, political institutions matter crucially. Controlling for political, institutional and time-period variables, we find that public pension efforts are strongly mediated by welfare regime type. While liberal regimes have become meaner and leaner still and social-democratic regimes have been able to actually increase generosity despite population aging, the conservative regimes of continental Europe once again look like frozen landscapes – unable to cut back either program size or individual benefits. Lastly, pension politics has more fully adopted a retrenchment logic since the late 1980s. Population aging is undoubtedly accelerating in the OECD democracies of today and tomorrow. But contrary to alarmist political economy predictions, these democracies are not yet dominated by a new distributive politics of elderly power, or gerontocracy.

Read more: [to download the final Journal of Public Policy version of the "Aging Politics" paper](#), [PowerPoint presentation on this paper at the EC International Seminar](#)

For further information please contact: [Pieter Vanhuysse](#)

### Newspaper Articles

[Marin, Bernd \(2005-2008\) Various articles in Der Standard, in Die Presse, in Format, in Kleine Zeitung, in Salzburger Nachrichten, Vienna, Graz, Salzburg, 2008](#)

For further information please contact: [Bernd Marin](#)



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