



International symposium proceedings

Social protection and growth **“Ageing, uncertainties, growth and well-being”**

Annual symposium organised by "Economie Internationale de la Longévité" (the international economics of longevity network, or EIDLL) and the Chair "Transitions démographiques, Transitions économiques" (Demographic and economic transitions, or TDTE) in collaboration with the Caisse des Dépôts

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Introduction

François-Xavier Albouy, Research director, Chair TDTE.

This symposium is organised by the Chair “Transitions Démographiques, Transitions Economiques” and the newly-formed network “Economie Internationale De La Longévité”, that includes 18 French research institutions. A special thanks must be addressed to our prestigious associate partner, the OECD that is sharing its international experience and network.

At first glance, ageing seems incompatible with growth. This matter is the subject of ongoing discussions. How to ensure that the potential growth that comes from the 10 years of life expectancy gained in 40 years is fully realized? The solution lies within the public policies and the socio-economic organisation of society. To structure this reflection, we suggest considering well-being and subjective happiness as starting points to our thinking. A very rich corpus of literature on happiness and well-being: economics, medicine and psychology exist, and this global phenomenon of ageing might be an opportunity to rethink economic and social dynamics based on criteria such as well-being?

Well-being depends more on the development of skills, environment, altruism, growth and self-concern than estate, wealth and revenues. Perceived happiness and well-being are more and more used as measures of the socio-economic satisfaction. All the surveys show that happiness/well-being are less related to wealth and more essentially to three characteristics:

- Economic activity that develop skills. It prevents from loneliness and its effect is amplified by altruism. It also helps one to gain freedom and social respect.
- Self-concern with first and foremost, health and preventive behaviours. Happiness modifies the genome and reduces fragility to infections such as meditation, sport....
- Knowledge and the acquisition of knowledge, curiosity, discovery and education...

More than a quarter of our lives, and soon its third comes after 60 years old. That’s why it’s urgent to think the activity, prevention and the acquisition of knowledge for this new period of life, more known as the forth age. Moreover, there is a clear link between age, life cycle and well-being as we notice a breakdown in well-being around the age of 40. It might be the moment where happiness goes by the research for pleasure and fulfilment... Finally, there is a certain evidence in considering well-being with age as an individual and collective purpose to pursue. The more we old, the more we need well-being and if we haven’t acquired it or developed it, it might be too late. The individual and collective need for well-being is more urgent with age.

During these two half-days, we invite you to think about a definition to state about ageing and well-being. For the Chair of TDTE, well-being is defined by satisfying life

conditions and a social activity at all the ages of life. We propose to start with this simple definition and to think about its improvements when we take into consideration retirement, health and housing policies. The first part will therefore focus on the definition of satisfactory living conditions with regard to health, housing, territories or climate.

Three round tables open the first part. One on “Climate transition, demographic transition: what consequences for health?”. A round table on “Intergenerational wealth transfers and their effects on growth” and finally a round table on “Preventing dependency: fragility, the gateway to dependency?”.

The second afternoon round will begin with a round table discussion on the macroeconomics of ageing: “What effects of ageing on macroeconomic variables?”. A round table on “Territories, technologies, longevity: what solutions?” and a debate on “The opportunity for compulsory long-term care insurance?”.

A first partial conclusion will be given by Alain Villemeur, Scientific Director of the TDTE Chair on the effects of ageing on growth. And finally, the day will end with a plenary session on: “Growth and well-being in the face of sudden ageing: significant experiences in Latin America”.

Latin America is experiencing a rapid and very pronounced ageing process that requires specific and rapid political adaptations. What are the most significant experiments underway?

We have the opportunity to have all these guests from Latin America thanks to our proximity with Hector Villareal from the Centro de Investigación Económica y Presupuestaria (CIEP) and the University of Monterey in Mexico with whom we wish to develop, on the model of the TDTE Chair and the EILL network, research structures on ageing policies.

The next day, we will continue our journey with very focused debates on the organisation of pensions and the labour market and on how to facilitate an activity at all ages with the “Gig Economy and the universal basic income: what consequences for older people?” followed by a debate on “How to prevent age inequalities” and “What are the links between retirement, growth and well-being?”, “The digital society and seniors: exclusions or opportunities?”, “Investing in prevention to better control health expenditure? and in particular prevention at work”, or “How to promote employability in an ageing society, confronted with digital technology?”.

The general conclusion of our debates will be given by Jean-Hervé Lorenzi, Professor of the Chair.

This journey should enable us to obtain results in our understanding of aging and the optimal policies to support it.

On behalf of Jean-Hervé and all the organizers and partners, I would like to welcome you to Paris and wish you excellent work.

Roundtables - Session 1

Roundtable no. 1: "Climate change and demographic change: What are the consequences for human health?"

Jean-Marie Robine, Research supervisor, Inserm

The heatwave of 2003 was a turning point in Europe. In an article written in 2007 (i.e. four years later) that has since become a benchmark, we were finally able to cite a figure of 50,000 dead within a period of around ten days in the 12 to 14 countries affected. While permanent health surveillance in countries such as the Netherlands, Belgium, France and England allowed figures to be obtained from these countries in short order, there was a woeful shortage of information on climate events from other countries such as Italy, Germany and Switzerland, where an additional 400 deaths were recorded over this period in Geneva.

Initial research revealed that a first heatwave (such as that experienced in Chicago) had fatal consequences but would not have had such consequences 15 years later, as learning from the experience would see the application of measures to reduce its impact. And yet in France on the eve of the heatwave of 2003, some observers cited what epidemiologists call a "harvesting effect", in which the most fragile individuals were affected and, as a result, fewer deaths were recorded a few weeks later. Meanwhile, the heatwave resulted in an abnormally high death rate until the end of the year, with mortality rates remaining at their high levels until the following year and expected or normal mortality rates never reached due to a new emphasis placed on the elderly.

For those who work on the limits of human longevity, with child mortality having been overcome, societies must now only address the life expectancy of their oldest citizens, which has been extended constantly since the 1940s. This is known as the "longevity revolution". Prior to the 1940s, mortality peaked early in life and plateaued between the ages of 30 and 50, followed by an increase and then a decline. While at present there is a real shift in the shape of the age pyramid, as demonstrated by the age at which people - mostly women - die (i.e. over the age of 90), it is also true that these people are very fragile individuals for whom two or three days of intense heat can be fatal. While in the past cold could kill, this is not the case today. What is the reason for this change? Temperature, climate and pollution during heatwaves? One can only posit that climate change will produce winners and losers.

Gaël Giraud, Chief economist, AFD

The IPCC has identified several global climate change scenarios. In RCP 8.5, the most dramatic scenario but also that to which we have committed ourselves, temperatures will rise

by more than four degrees by the end of the century. Moreover, not one climatologist believes that scenario 2.6 (i.e. one in which temperatures rise by more than two degrees by the end of the century) is realistic. For the AFD, in view of its simulations, the challenge is not to achieve this objective but rather to remain as close to it as possible.

Climate change will manifest itself in extreme weather events. First of all, in the median scenario sea levels will rise by two metres by the end of the century, which would see long stretches of coastline (for example, in New York) submerged if large seawalls are not built and the displacement of populations en masse, a cause of death that has not yet been taken into account.

The melting of glaciers, these free sources of potable water, will increase then reduce river flows. Once the glaciers of the Himalayas have melted, the Ganges, the Indus, the Mekong and the Yang, rivers that irrigate the Asian continent, will no longer flow during the dry season. No longer able to engage in agriculture, populations will be forced to relocate.

Finally, soil erosion will have an indirect impact on mortality rates, as will the gradual disappearance of accessible groundwater aquifers. And yet, it is impossible to obtain information on the deaths that these phenomena will cause except in relation to heatwaves, where arbitrage between heat and humidity is crucial. With the levels of humidity present there in July and August, 35° in Saigon is much more difficult to bear than 42° in Chad. A very hot and humid climate is the scenario most unsuitable for human life.

In terms of projections, if the curve remains the dramatic curve of RCP 8.5, the proportion of the Earth's surface that experiences more than 20 days of lethal heatwave conditions - conditions unsuitable for human life - per year will increase to close to 50% in 2100, affecting close to 75% of the world's population. Tropical Africa, south-east Asia, northern Australia and much of the Amazon will experience such conditions more than 200 days per year. While Europe will not be affected, the east of the United States will experience 75 days of lethal heatwave conditions each year. While scenario RCP 4 is less dramatic, RCP 2.6 is now out of range.

These projections are to be compared with a single demographic event. By 2050, Africa will have a population of more than two billion. It is this very young population that will have to address climate change.

Boris Solier, Lecturer, Université de Montpellier

Energy transition is a concept that covers very different realities. In a quest for energy independence, the United States has begun to extract shale gas. In emerging markets, energy transition helps these economies continue on their path of explosive growth. In Europe, it means reducing the consumption of fossil fuels in favour of renewables. This has resulted in the resumption of nuclear power production in England, the retreat of nuclear power in Germany, etc.

If we are to avoid an increase of four to six degrees in temperatures, the solution is a successful transition to a low-carbon economy. An energy system organises the link between primary resources and final uses, including the transformation and distribution of energy. Transition refers to the long process that alters this system in depth. The controlled use of fire represents the first transition, with the second being agriculture and the domestication of animals with the use of force to increase production. Both rely on energy (biomass). The third is the product of the use of coal: the steam engine that heralded the start of the first industrial revolution in the 19th century, then of oil and gas with the two major innovations of the 20th century: electricity and the combustion engine.

80% of the energy we use now comes from fossil fuels: with all of these transitions, the new energy source does not replace the existing source, but rather is a complement to it. On the other hand, while growth has for a very long time been based on biomass, it has accelerated over the last 150 years with coal as a central source of energy, then with the arrival of oil and gas in the middle of the 20th century. Energy sources are thus added to other sources, but also at an increasing rate.

This accumulation has resulted in a sharp increase in CO₂ emissions, with emissions from land use, deforestation and agriculture, as well as the more important sources of coal, then oil and gas. And yet, one of the driving forces behind these changes is no other than growth in the world's population, which in the space of a century has risen from 1.6 billion to 6 billion. And while the world population has grown by a factor of four, energy consumption has risen ninefold. This increase conceals certain inequalities: while an American consumes on average the equivalent of five tonnes of oil per year, the average European consumes three tonnes, the average Chinese person one tonne and citizens of countries in Africa and India less than one tonne of oil each.

Nowadays, these fossil fuels are becoming scarcer, hence the need for a carbon tax. On the other hand, to successfully make the transition to a low-carbon economy, renewable energy sources must replace fossil fuels (and not add to them). In short, per capita consumption can only be reduced if developed countries lead the way in order to re-establish a certain equity among nations.

Roundtable no. 2: "Facilitating inter-generational transfers of wealth: What are the effects on growth?"

Arnaud Jacquillat, Director-General, Associés en Finance

How can the 10 years of life expectancy gained in the last 40 years be used to foster growth? The liquidation of assets held by senior citizens is one option. It has also been said that: "Well-being is to give". The early sale of an occupied property (ESOP) proposed by the Chair of TDTE feeds this ambition: one of its objectives is to enable senior citizens to transfer

some of their assets to their descendants early and in cash at an age when the needs of the latter are greater in terms of housing, for example.

The principle of the ESOP is to monetise, or even to free up, some property assets. Over 65s have a real store of wealth at a time when our economies are finding it difficult to increase the circulation of assets and people (and therefore, of money). The first objective is to find out how to attract institutional investors back to the residential property market, which they have deserted due to its various risks (e.g. high vacancy rates and low returns). And yet the current environment is advantageous, with very low interest rates, a paucity of new commercial projects and the search for new returns among investors.

The way to interest investors is to propose a price to them, and therefore a return. Any discount on an asset varies depending on the attractiveness of the area: it will be smaller in an area with a tight property market, and larger in other areas. The investor breaks down the value of the property into what they pay for it, property tax, non-recoverable costs, maintenance and what they receive, i.e. adjusted rent and the terminal value or sale price of the asset upon the death of the senior citizen. The returns proposed are 6% in zone 1, in Paris, Nice, Biarritz, etc.; 7% in zone 2, in regional centres; and 8% in zone 3 and rural areas. To obtain such ROI (returns on investment), the discount on the asset of a senior aged 65 is 16.5% in zone 1 and a maximum rate of 25% in zones 2 and 3. For senior citizens who want rent that is 50% below the market rate, the discount in zone 1 is 45%.

Once the asset has been monetised, the aim is to transfer it. Thus, the senior receives an amount of capital, from which their rent has been deducted. Therefore, the ESOP will allow a senior citizen aged 65 with a remaining life expectancy of 20 years to obtain and transfer some of their assets 20 years sooner. Seniors aged 65 in zone 1 can liquidate close to 40% of their assets, i.e. 380,000 euros for an asset worth one million euros. Finally, with the exception of zone 3, the ESOP is also an option for financing the care needed by the most elderly.

From an economic point of view, this model is effective everywhere except in zone 3, where the value of assets is in decline. A State guarantee could be one way to ensure that this system is present across the whole country.

Eric Guillaume, President, Virage-Viager

The traditional life annuity represents a risk, given that in a somewhat morbid face-to-face encounter between the two persons present there is always a winner and a loser, with no prior indication of who will and will not prevail. As with the division of ownership, the ESOP is the product of another approach as a result of mediation by an institutional player. If there is a life annuity, there is little development given that some people cannot become property owners except through this channel, with supply well in excess of demand. In short, it is not based on the same economic values such as life expectancy and rental returns, inasmuch as negotiations and the transaction are conducted on an over-the-counter basis between the relevant stakeholders.

In the traditional division of ownership, on the other hand, institutional players intervene and buy not one but several assets, pooling longevity risk in the process. Since 2012, some have engaged in asset management with specific rules, avoiding uncertainty and power relationships between individuals. And yet, an investor considers the liquidity of the asset, which can vary considerably depending on whether it is a Hausmannian Paris building, an apartment in the centre of Bordeaux or an isolated house 40km from Limoges. While the objective of the system is to increase the liquidity of assets held by seniors, allow them to transfer capital and finance their own care, the asset that they purchase and sell within x years must be visible to the investor.

With regards to rental returns, it should be remembered that there is a psychological threshold that should not be breached. If a person is informed that their asset is worth 800,000 euros, that they will immediately receive a payment of 500,000 euros, with the remaining 300,000 euros representative of the carrying value of the asset, they may consider the amount disbursed to them insufficient. As part of the ESOP, the senior citizen must pay rent, a right of use, something which can be difficult for them to understand. Nevertheless, the value of the asset is always assessed by a third party (both in the case of an ESOP and of a division of ownership). From this value, a deduction is made for the right of use for the remaining life expectancy of the senior citizen, the balance of which is paid in a single lump sum (in the case of an ESOP). With regards to the current division of ownership, no proposal is made for the payment of rent. This is the role of an insurer, not of an asset or funds manager.

While this system is valid for assets held by seniors, in particular in urban areas, it is very possible that in the future homes will be acquired through a division of ownership, with bare ownership held in part by an institution or property firm and individuals paying for a share of use or enjoyment, with the amount paid calculated as a function of their life expectancy. The concept of use favoured by bUer could develop in new property.

Kevin Beaubrun-Diant, Lecturer, Université Paris-Dauphine et chercheur au LEDA

Several mechanisms can be used to turn illiquid property wealth into liquid financial wealth. In France, institutions cannot spend on the basis of their property wealth, as they do in English-speaking countries through mortgage equity withdrawal mechanisms. Therefore, consumption depends on income and financial assets.

As part of the work of the Chair of TDTE, we have sought to determine the strength of the relationship between French household consumption and the structure of household assets. Given that housing wealth has no impact on consumption, liquefaction (unlike housing wealth) is a positive contributor to growth. The exercise then consists of testing the impact of the consumption of assets on GDP, in particular the consumption of non-durable assets, and of modelling the ESOP mechanism proposed by the Chair for each French household.

Two factors are of essential importance in this model: the participation rate of agents and the amount transferred. The structure of the property wealth of households becomes non-property wealth, making it possible to measure the increase in consumption of these

households attributable to this sudden inflow of income. By aggregating this additional consumption, one can calculate by how much it has changed and calculate its impact on GDP.

Of the three key variables that determine the intensity of the impact on GDP (the participation rate, the share of wealth transferred and the age of the recipient household), it is the first that has the greatest impact on GDP (three to four times greater than transfers). In terms of the age of beneficiaries, the effect on people in their forties is twice as great as that on people in their thirties or fifties.

Guillaume Pasquier, Land development manager, La Française.

Institutions are pondering how to return to the primary residence market in the current environment of falling interest rates and returns on office properties, but also in the context of the trend towards teleworking. While some parameters change, others remain the same, such as the level of overdue payments, vacancy rates, etc. La Française, for example, has created a fund (Certivia) that purchases life annuities in accordance with the law of averages and has proposed a new concept, that of “propriété à vie” (where the tenant has real rights to property under a contract) similar to the mechanisms referred to here.

The ESOP allows ownership to be transferred sooner, which is relevant in view of the age at which one can inherit at present (59 years of age). On the other hand, notaries have revealed that 95% of fixed assets transferred are automatically sold. There is evidence to suggest that people want to inherit in a form that is more divisible and liquid, and more suited to their needs.

With regards to the interests of the investor, the discount rates applicable to properties in zones 1, 2 and 3 are clearly different, given that the looser the market in the zones in question the higher the discount rate applicable. However, the difference between them appears to be too small. An institutional investor knows at what price to buy and what return to expect, irrespective of where the property is located. In contrast, the terminal value is the parameter where the difference is considerable. ROIs of 4, 7 and 10 seem more relevant than 6, 7 and 8.

Another comment makes reference to this psychological effect of paying rent for a property of which one has been the owner. While the investor counts on the stability of this new tenant, they must propose a level of rent that is significantly below market rates.

In short, the investor must position the product: one of their main virtues is that they help people avoid the ownership trap, a situation in which they have such a financial interest in not moving that they do not move. For example, if an individual who owns an asset in an area where the employment market is stagnant loses their job and cannot sell the property, said individual rules him or herself out of any new employment. For anyone who has contracted an ESOP and who, 10 years later, finds themselves in a precarious financial position, what is the solution? This mechanism could perhaps be combined with assistance, if required. These are questions that households and their heirs will ask themselves.

Roundtable no. 3: "The prevention of dependence: Is fragility the gateway to dependence?"

Françoise Forette, Professor in medicine, Director-General of ILC-France, moderator.

Fragility is a medical concept of fundamental predictive and preventative importance. It is a syndrome related to the decline of certain physiological functions with age. This decline manifests itself in difficulty responding to stress and results in a greater risk of hospitalisation or death and, above all, of a transition to care.

Preventing fragility is merely the prevention of the need for care. Its phenotype can be very easily identified with a feeling of exhaustion, a reduction in muscular strength, reduced levels of activity and undernutrition. And yet, all of these symptoms are reversible; hence the benefit of early diagnosis in order to prevent the need for care (which is irreversible).

Florence Jusot, Professor of economics, Université Paris-Dauphine

The increase in life expectancy has not erased the inequalities that exist between social groups, in particular among the most disadvantaged groups, which have the highest mortality rates. Research conducted in recent years has shown that these inequalities in terms of mortality, in particular avoidable mortality rates, have increased slightly among men.

Using the data compiled in the SHARE study from 2000 to 2015, one can study the evolution of fragility in Europe. Worldwide, the rate of fragility for persons aged 50 and over is of the order of 10%, a level that has been somewhat stable since 2005. However, there has been a very sharp increase in fragility with age and great inequality between men and women. At each age, women are more fragile than men, in particular after the age of 75 (35% of women in 2015). This change between genders over the course of the period is particularly evident in France.

Two indicators are of particular relevance in determining the socio-economic factors behind fragility. The first is education: among individuals aged 75 and over with only a school-leaving certificate and those who have completed tertiary education, fragility is much more prevalent among the former, and much less so among the men with the highest educational attainment in France. Knowledge provides protection from fragility. The second is difficulty in making ends meet, a better indicator than income when it comes to retirees. There too, fragility is more prevalent among individuals who have difficulty making ends meet, in particular among French women.

Over the same period, there has been a slight reduction in fragility levels among men aged 75 and over in Europe but a smaller reduction than that seen in France, and stable fragility levels among women. With regards to socio-economic inequalities the scenario is different, with a very small reduction in fragility levels among men from the most advantaged

groups in society but a sharp increase in fragility among women with the lowest levels of educational attainment. This scenario is replicated among individuals who find it difficult to make ends meet.

While levels of fragility across the whole population appear to be very stable, this conceals vast differences according to age group, gender and socio-economic status. Women with the lowest levels of educational attainment are most exposed to the prospect of fragility. This is a sign of a persistence, or even growth, of social health inequalities.

Jean-Philippe Natali, Doctor specialising in public and social health, HU-Paris Centre (Broca site) and DGCS

The national action plan for the prevention of the loss of independence drafted in 2015 and attached to the famous law for the adaptation of society to ageing has three problems. The first relates to the absence of temporality, while the second relates to the absence of dedicated governance, such as a steering committee. The third is an absence of dedicated funding.

With the start of the new term, the minister announced her national health strategy at the end of 2017. This plan sets out the main guidelines for health policy for the next five years. It is built on a number of lines of action. One is the promotion of health in all environments and at all ages. A second addresses social and territorial health inequalities.

In terms of the promotion of health, the minister has drafted the “priority prevention plan”, which was unveiled at the cross-ministerial health committee meeting held at the end of March 2018. This plan bears witness to the desire of the government to make progress towards this aim. The aim of this plan is to create an environment that is favourable to health at different ages by adopting the notion of well-being developed by the WHO. This plan is aimed at persons who go through these four stages of life: a healthy pregnancy; the health of children and young people; the health of adults aged between 25 and 65; and healthy ageing and the prevention of the loss of independence.

The "prevention priority" plan dedicated to healthy ageing is based on day-to-day health and medical and social services. It is in this way that specific actions have been prepared in connection with the transition to retirement, free preventative health check-ups for those aged 60 and over, information on eating well, moving well, social connections and the fight against isolation.

With regards to health and social care services for the lives of senior citizens, specific preventative measures are implemented to overcome instances of fragility in EHPAD and to care for disadvantaged persons. This is in addition to the identification of fragile persons in the event of a heatwave, coupled with the fragility observatories of the CNAV and the records of municipal councils.

Not all of these actions are carried out by the Ministry of Health. Recourse to a cross-ministerial dynamic to carry out transversal actions avoids "sanitising" the issues.

Dagmar Soleymani, head of scientific studies, Santé Publique France

Advantage, the joint European initiative in which the Ministry of Health and Santé Publique France are participants (in particular its vulnerable persons unit), is working on a global approach to ageing in good health, and thus to prevent and manage fragility. Fragility is not the result of illness or normal ageing, but rather a reversible syndrome that must be detected and managed in a timely manner. In view of the increase in the elderly population of Europe, the aim of this action is to postpone the time when individuals require care.

Advantage uses the WHO definition of fragility: "Fragility can be seen as a gradual deterioration of physiological systems associated with age that results in a decline in reserves of intrinsic capacities, which in turn leads to extreme vulnerability associated with stress factors and increases the risk of a series of negative effects on health". This initiative is part of the programme of the DG of Health of the European Commission, which has made the prevention of fragility a priority in its five-year plan for 2014-2019.

A first initiative, the aim of which was to develop a benchmark sharing model and innovative tools and which ran from 2015 until the end of 2017, brought together 11 partners in six Member States. Advantage, with 22 states and 33 organisations, is more ambitious. Led by Spanish geriatrician Leocadio Rodriguez Manas, this initiative has until the end of 2019 to develop an understanding of fragility common to all Member States. Its priorities are to raise awareness among stakeholders, decision-makers and politicians, propose a European strategy for prevention, early detection, evaluation and management and, finally, advocate major changes in the organisation of health and social systems in Europe. In 2017, this programme explored the literature on these issues and good practice in Member States in depth. In 2018, ministers in the various states were sent a questionnaire to evaluate mechanisms designed to prevent and manage fragility. A final report is to be published in 2019. This report will contain policy recommendations to be discussed at a meeting to be held in Madrid, in order to formulate a road map.

Fati Nourhashemi, geriatrician, Hôpital La Grave, Toulouse

In view of the ageing of the world's population, the prevention of dependence and the diagnosis of fragility is a priority for the WHO. In less than 50 years, average life expectancy in Brazil has risen by 20 years. In 2015, one out of every 10 Iranians was over the age of 60. In 35 years, this figure will be one in 3. Meanwhile, this ageing has gathered pace worldwide. As a precautionary measure, in 2015 the WHO published a report on ageing well and in good health, defined as "the maintenance of functional capacities and well-being".

In order to age well, the population must remain independent and mobile, preserve their social ties and remain productive. According to the WHO, there are three factors that determine whether or not a person ages in a healthy manner: intrinsic capacities, i.e. the resources without which they become fragile and dependent; the socio-economic and family environment; and the interaction between these two parameters.

According to the WHO, the term “intrinsic capacities” refers to cognition (including memory), mobility (including balance), vitality, or motor strength, sensory capacities (such as hearing) and psychological elements, including depression, which is very under-diagnosed. When these capacities go into decline, if this decline is detected steps can be taken to postpone functional dependency, since at this stage the phenomenon can still be reversed.

Health systems that, in most countries, are organised around pathologies do not measure these intrinsic capacities until the person in question is in need of care. And yet, the monitoring of these intrinsic capacities would enable this condition to be prevented and fragilities to be detected and treated according to the capacity that has been compromised, so that the individual can rediscover their stable state.

Between now and 2025, the WHO aims to reduce the number of dependent persons worldwide by 15 million. This can only be achieved if the delivery of health care services is integrated and takes into account the whole of the person who is getting older. Yet at the moment health systems are fragmented, with a specialist for each pathology and more often than not quite some distance from where patients live. The objective would be to create a hospital beyond its walls, to combat this segregation in the form of ageism, and to measure and optimise the intrinsic capacities of individuals.

Roundtables - Session 2

Roundtable no. 4: "What are the effects of ageing on macroeconomic variables?"

Monstserrat Botey, Researcher, Université d'Orléans

Within the context of the ageing of the population and inequalities in asset ownership, what would be the effects of taxing imputed grants in France? Elderly persons on high incomes benefit from a tax exemption. This situation brings to mind the character of Scrooge in Dickens, an old, rich and avaricious man...

Inequalities in asset ownership are dealt with here from an intergenerational perspective. Taxation can be used as a tool to counter the concentration of wealth in the hands of the elderly, which is one of the effects of ageing due to the fact that this segment of the population has lived longer and enjoys the benefits of its assets up to a very advanced age.

To address this concentration, some have proposed fiscal solutions in favour of donations and higher taxes on inheritances. According to the INSEE, the wealthiest 10% of households held close to 50% of all assets in France in 2016. While the generational

accumulation of assets is very normal in an ageing society, it has become more concentrated in net terms (i.e. after the deduction of debt) among senior citizens, with the value of assets held by this segment of the population rising sharply between 1997 and 2010.

"Imputed grants" are based on the concept of taxing the rent that households would pay if they were not homeowners. This tax was applied in France between 1914 and 1965 to prevent wealth concentration returning to the levels seen in the Belle Epoque. It was abolished in order to promote access to property. According to Piketty, the concentration of wealth is now at levels seen before World War I.

And yet, this subsidy accounts for much more spending than the various forms of housing assistance given. TAXIPP, the micro-simulator developed by Landais, Saez and Piketty, draws together various French surveys, providing a single fiscal base that can be used to simulate various taxes. Starting with income tax, a first scenario uses 2005 as a base year for the imputed grant calculated according to Piketty, with a deduction made from capital for ipso jure owners and interest on the loan for homebuyers, a result added to the basis of income tax.

If imputed grants have been taxed again, homebuyers will have to pay around 100 euros per year. Ipso jure homeowners will have to pay a much larger amount. It is the most well-off deciles that, at present, are spared and which benefit from this tax loophole. Intergenerational inequalities have been further exacerbated by the increase in property prices.

Karine Gente, Professor of economics, AMSE, Aix-Marseille Université

In the European context, the context of an integrated economy, the link between ageing and price competitiveness has its own characteristics. Ageing changes macroeconomic variables in that it affects the size and characteristics of the active population, and therefore the level of production. On the other hand, it transforms the type of assets consumed, rather than services, which has consequences for competitiveness. Finally, it affects saving, depending on national legislation. With fewer assets and more pensions to finance, it should be in decline. This is no longer the case, with the increase in life expectancy and the uncertainty weighing on pension systems.... Indeed, it is the 45-64 age group that has high levels of saving: with better income, they are planning for retirement or an eventual transfer.

With regards to ageing, when calculated using the dependency ratio (the population over the age of 65 divided by the economically active population, or persons aged 15 to 64), there is a large disparity between countries. In Poland, the dependency ratio is higher than average, at 53%, while in Finland it is 60%. In terms of population growth, some countries have relatively low levels, or even negative levels of growth as in the case of central Europe, which has experienced emigration and where life expectancy is lower. This asymmetry is a source of problems in the European context.

Within the eurozone, nominal exchange rates are fixed between the countries of the zone. This rigidity slows down the adjustment of relative prices between European countries

and constrains changes in relative price competitiveness from one country to another. It deprives the area from an automatic return to current account balance mechanism: a country that accumulates massively receivables from abroad does not see its competitiveness deteriorate systematically (through an appreciation of the exchange rate) which prevents a quick return to the equilibrium of the trade balance and capital flows. In this context, this article studies the impact of ageing on relative prices and capital flows between European countries. It reveals that ageing leads to a deterioration of the equilibrium competitiveness, which in the absence of adjustments causes a gap between the equilibrium competitiveness and the observed value. Such misalignments can maintain persistent imbalances in capital flows between countries, such as those observed since the 2008 crisis.

Due to the imperfect adjustment of relative prices, these imbalances persist in Europe and well above 5% of GDP (Germany, Ireland, Netherlands in 2017). The shocks affecting the demographic structure of European economies are likely, when asymmetric, to cause these misalignments. Migratory movements can also cause adjustments of the same type, if they are asymmetric. They risk maintaining excess savings from the North in particular. These savings excess are responsible for the very low interest rates that allow the countries of the South of Europe to borrow at relatively low rates: the surpluses of some make the deficits of others.

Hector Villarreal, Director-General, Centro de Investigacion Economica y Presupuestaria (CIEP)

Mexico is experiencing very rapid demographic change. What took 60 years in Europe has occurred in Mexico in the space of 30. This profound change requires changes in policy. The government has already attempted to increase tax revenue, reform pensions and control government expenditure. However, the price of the oil that finances government expenditure has fallen, pension reform takes a generation to take shape and fiscal consolidation has fuelled fears of a period of austerity.

A number of forecasts can be made using an adapted fiscal simulator of a generational accounting model. If the tax system is left unchanged, public debt will increase to 60% of GDP, a level that is not serious with a tax intake equal to 40% of GDP but which is a cause for concern in Mexico, which has a tax intake equal to 80% of GDP. This debt, which removes the flexibility that would allow Mexico to reform its policies, has led to a situation where Mexico must change its tax system, a challenge which is not unrelated to the demographic dividend.

Here, this dividend is defined in terms of taxation: a turning point calculated according to tax revenue and social security contributions, minus inflation and pension costs. This turning point comes a few years before that of the age structure. If there is a tragedy, if one includes the informal sector, where people pay indirect taxes without benefiting from welfare

systems, it is that the poorest segment of the population is subject to taxation...

In short, generational imbalances can be understood using "remaining general accounts". Thus, boomers have a negative "Remaining Generational Account" inasmuch as they have received the lion's share of transfers linked to pensions, despite intergenerational inequalities. Generation X (persons born between 1960 and 1979) has benefited from better education and is a beneficiary of the pension system, despite the economic crisis it experienced during its childhood. Contrary to that of Generation Y, which has seen a decline in its income with more years of education, the remaining general accounts of Generation X are positive. Accounting for 34% of the population, this generation has not only paid its contributions and prepared for its retirement, but has also paid very high levels of income tax to finance the RGA, a potential source of political diversion. For its part, Generation Z will experience smaller imbalances and receive large transfers of capital from Generation X.

Policies aim to restore balance. However, some delay is inevitable. They are aimed more at a policy of austerity than at consolidation. If there is fiscal reform, imbalances between generations should be reduced.

Anne Lavigne, Professor of economics, director of studies, COR

There are several comments to be made in relation to these three presentations. On the one hand, no differentiation has been made between the effects of age and generational effects. On the other hand, models depend on how the population ages and are distorted according to age, upwards as a result of a baby boom recorded across a large part of Europe and by an increase in life expectancy, or downwards as a result of a decline in fertility currently seen in various European countries.

The first intervention shows the scale of the amounts in question that represent implicit subsidies associated with fictitious rents. The most recent OCR report shows that retirees enjoy a standard of living equal to 105.6% of that of the general population, excluding imputed grants. Therefore, this figure is an underestimate. This also allows a distinction to be made between the effects of age and generational effects. There is an age effect, given that once they reach retirement seniors do not draw down their savings, as put forward by the life cycle theory. As a result, is what we are seeing a generation effect if new generations can no longer accumulate assets?

The second study starts from a surprising hypothesis: parameter H, which weights the productivity of seniors engaged in economic activity. The over-accumulation of savings among people aged 45-64 is a result of their higher productivity than that of young people. And yet, the theory that productivity falls with age is open to criticism, given that standard studies show that productivity levels off from the age of 50 onwards. The study cannot be based on this hypothesis. On the other hand, even in an open economy, only foreign (non-domestic) assets allow individuals to accumulate savings. However, there is a significant bias towards domestic saving in all countries.

With regards to the third study, the concept of "remaining generational account" leaves room for doubt. While the remaining generational account is relevant when a generation has already lived a long life, it is a delicate proposition to use it for the youngest generations. Indeed, there is too much uncertainty to compare the balance between the transfers they receive and those they send.

In conclusion, one can guess the age of the authors as a result of their reference to a "sacrificed generation". The controversy in this regard between Hyppolite d'Albis, who is under 40, and Louis Chauvel, who is over 50, is revealing. It is as if it had been their own respective generations that had been penalised.

Alain Villemeur, Scientific director, Chair TDTE

The three presentations have highlighted the complexity of the relationship between growth and ageing. It is clear that the concentration of assets is a factor behind the slowdown in economic activity, which can no doubt be countered by imputed grants and the early sale of occupied properties proposed the Chair. On the other hand, the asymmetry of ageing in Europe is another problem that must be addressed by European policies. In short, sacrificing Generation Y would snuff out all growth.

In the 1980s and 1990s ageing was synonymous with disaster, with a reduction in the population, investment, savings, etc. Positions are now more nuanced and some, such as the Chair, have shown that ageing societies have to their credit a propensity for higher education and health expenditure that foster productivity.

In 2017, economist Daron Acemoglu showed that of the 160 ageing societies studied, depending on the number of persons aged over 50 compared to those aged under 50, not one had recorded negative effects on GDP per capita, growth or productivity. This study reports on how to view ageing. However, an analysis of the two countries where the ageing process is most advanced (Japan and Italy) provides cause for concern. Italy has been in a state of economic quasi-stagnation for 15 years and its population is in decline. Japan is in the same position, with growth of less than 1%. A distinction must be made between these countries and those where the economically active population continues to grow despite the ageing process, such as France and Sweden, etc. Finally, Acemoglu shows that an ageing population can accelerate the automation of tasks, as is the case in Japan but not in Italy. Therefore, ageing poses the question of growth in the economically active population and can in part be addressed by automation and immigration.

Roundtable no. 5: "Territories, technologies and longevity: What are the solutions?"

Florian Bonnet, PhD in economics, PSE..

The unit of territory used is that of the department: created in 1790, the departments of

France have remained rather stable and, as a result, their evolution can be traced over 200 years and their respective mortality rates can be calculated according to gender. These works assist in the reconstruction of mortality tables cover a period marked by two global conflicts and deportation, and cover military and civilian deaths

The evolution of spatial differences in life expectancy can be divided into three periods. The first, which covers the period from 1800 to 1880, is characterised by a number of epidemics, wide variation in national life expectancy and non-convergence in conditions of mortality in spatial terms. The second (1880 to 1980) is characterised by an increase in life expectancy on a national level and an ongoing reduction in mortality inequality in spatial terms in France, a trend affected by the two world wars, which had different effects on the various territories. This converge can be explained by the across-the-board decline in infant mortality, which in the 19th century was very unevenly distributed. Research by Noël Bonneuil reveals that in 1856 child mortality was 590 per 1,000 live births in the department of Finistère, 141 per 1,000 in Yonne and 300 per 1,000 for the whole of France. The most recent period (from 1980 to the present day) shows a new increase in the spatial inequality of mortality nationwide, with life expectancy longer in more prosperous departments than in less prosperous departments. Unlike in the 19th century, the increase in spatial inequalities in life expectancy is associated with the increase in life expectancy across the board.

The geography of mortality in France has evolved greatly in two centuries. While in some areas mortality levels have remained stable, slowed (Brittany) or sped up (Sud-Ouest), in other areas mortality rates have fallen from above to below to national average (Nord-Pas-de-Calais). The opposite is true for the Sud-Est region, which now has a mortality rate below the national average. With regards to La Seine and Le Rhône, victims of the urban blight that was insalubrity, these departments now benefit from the urban advantage.

This research does not detract from the demographic variable of mortality. Its objective is to provide a picture of the landscape of local French development over two centuries by making the best possible use of economic, migration and other types of data, and to prepare a structural model in economic and demographic terms.

Hélidéo Costa-Elias, Head of complex projects, Investment department, CDC

Through its new territorial financial institution, the Caisse des Dépôts intervenes at various stages of the silver economy, the infrastructure of establishments designed for elderly persons through bank loans, services (in particular digital services) by acquiring shares in companies that offer these services. It invests in structures whose clients are local authorities to help them move from the subsidy model to an investor model.

The silver economy is a complex sector inasmuch as health care in France is provided by the public and private sectors, with precise regulation between them that is in accordance with European directives. In addition to the considerable expenditure by the State on assistance for the elderly and the disabled (60 billion euros in 2014), significant sums are spent by families, either in the form of cash or in kind. This fragmented economy is driven by

a number of actors with very different status, with a regulatory environment that does little to foster new services, in particular digital services. It is less the level of user confidence than the economic model of start-up operations that is at stake. Without a distribution network, investment or innovation, their products will not sell. On the one hand, there is therefore a fragile population protected by law, while on the other hand there are networks that struggle to exist.

In short, the mission of departments is to coordinate a large pool of agents from the health sector, hospitals, doctors, pharmacists, etc. and agents from the social assistance sector. However, there is no economic model to create and ensure the continued operation of these platforms for coordination. The strategy of the CDC is to intervene to provide support. It works, for example, with EHPADs to build an operator that provides turnkey solutions. It is a type of pooling of resources with a view to an industrialisation of digital services and a lowering of prices.

Boris Le Hir, Economist, France Stratégie.

With regards to territories, France Stratégie has adopted the angle of the dynamics of employment. This has led it to the following conclusion: Two axes of divergence work the territorial dynamic. The first is situated between the regions of the crescent of the Sud and of the Ouest, where employment growth is relatively strong, and the regions of the Nord, which have been the victims of deindustrialisation and have shown little resilience in the face of the most recent crisis. The second pits metropolitan centres, the 12 largest urban areas in France, against the rest of the country, which is somewhat less densely populated.

However, there are major differences within each category, making it impossible to draw general conclusions that can be used to guide public policy. Indeed, not all metropolitan centres have the same rate of growth and, within dynamic regions, not all territories are the same. On the other hand, the link between these dynamic and ageing is potentially a strong one. The former can have a direct impact on the latter, inasmuch as the absence of employment in an area in decline can result in the emigration of its youngest residents. Conversely, strong employment growth in certain territories can result in pressure in the real estate market and prompt older residents to move in search of a better life. Finally, the ageing process can catch up with the dynamics of employment, as is the case in regions on the Mediterranean and Atlantic coasts, where the increase in life expectancy has brought the metropolitan effect to light.

The French territories most affected are those, sparsely populated, that have experienced an exodus of young people to larger centres or retirees to the coast. One can cite ageing in the regions without any mention of the abovementioned internal migration. However, this schematisation does not take the complexity of the environment into account and, when it comes to public policies, no systematic response that covers the whole of the country has been given.

Joaquim Oliveira Martins, Special adviser, OCDE.

In economies with ageing populations, productivity is the sole source of long-term economic growth. In Europe, a distinction can be made between four types of regions: “frontier regions”, where employment productivity levels are highest, such as Paris in France, London in the United Kingdom and the region of Rome, Madrid or even the Basque Country; regions close to this frontier, those that converge, those some distance from this frontier and those that diverge from these regions.

In Europe, a distinction can be drawn between two types of countries. Those where productivity is for the most part on the rise in one region, as in the case of France, where all regions are in the process of diverging from Paris; the United Kingdom, where the regions remain removed from London and which has the largest inter-regional productivity gap in the OECD; and even Sweden with Stockholm, Greece with Athens, and Hungary with the region of Budapest. In other countries, growth is more evenly distributed: countries such as Germany, where productivity does not grow on the frontier, such as in the Hamburg region, for example, but by the catch-up of the landers, such as those in the east, which benefit from the effects of convergence with large population centres. Poland, Austria, Spain and Portugal follow this model. Growth in Portugal is not determined in Lisbon, but in the regions of the north and the centre.

France versus Germany? Based on the aggregate productivity of the two countries, and if one balances out the average of countries with a very high concentration and those with a more even distribution, the former do better in view of the fact that our economies are services-based and services are provided in cities. On the other hand, these countries give rise to larger regional disparities, disparities that are much larger in Great Britain and France. This has resulted in a geography of dissatisfaction, regions that are lagging behind and which, despite being in receipt of cash transfers, have expressed their anger by voting in favour of Brexit in Great Britain and the elections in Italy. Compensation does not constitute a policy solution.

In terms of demographics and the prevalence of elderly persons in care in the OECD, France is third on the list, after Japan in first place and Portugal. Nor is there very much mobility. With regards to longevity, on the other hand, it is very well-placed despite a difference in life expectancy of some six years between Ile-de-France and Nord-Pas-de-Calais.

While the increase in health expenditure can be attributed to technology, long-term care depends on demography, the impact of which will weigh particularly heavily on the distribution of spending according to age group. By 2050, people over the age of 65 will account for 30% of the population in OECD countries and 60% of healthcare expenditure. By this time, this expenditure could account for 15 to 16% of GDP.

Finally, there is no doubt that technological development can resolve the problem of divergence between regions, an issue now being discussed by the OECD.

Roundtable no. 6: "Towards mandatory care insurance?"

Françoise Forette, Professor of medicine, Director-General of ILC-France

ILC-France has worked on the concept of a care insurance policy that takes into account the demographic context of the loss of independence. 8% of people over the age of 60 (just over 1.2 million people) now live in care. If there is a very broad base, the ratio of the number of contributors to the number of dependants is therefore very favourable when an independence insurance policy is created, provided that the policy is compulsory. In the ILC-France project it is public, without screening, with contributors who are employees, non-employees and retirees, with a minimum contribution, calculated according to income, in the order of one euro per day, but with no employer contribution, with services provided taking into account the needs of the contributor, and not income. These non-taxable indexed contributions on salaries stand at 16 billion euros.

The questions to be addressed are: Should care insurance be compulsory? Should it be public or private? What would be the appropriate age at which to contribute, and what should be the basis for this insurance? What is an acceptable level of contributions? Should they be set according to income? In short, in view of the responses to these questions, should compulsory care insurance be introduced?

Florence Lustman, Finance director, La Banque Postale

The level of cover guaranteed and, in particular, the cost of cover will depend on whether this insurance is compulsory or not. If this insurance is not compulsory, the share of the population covered will be restricted to individuals who believe that they will go into care, resulting in higher premiums. If premiums are paid in from the first employment, premiums will be very attractive unless one begins to contribute at the age of 45.

Public or private insurance? This is not the real issue. An insurance policy requires a population to be covered to be defined, that the system deliver, that it represents a guarantee. And yet, this insurance does not work today. Some individuals pay for their own care, while others enter into contracts with care insurance providers. People who are unable to contribute whilst in employment or in retirement are covered by state welfare programs and can have their care financed by the system proposed by ILC.

At what age should individuals contribute? La Banque Postale offers a contract with an average rent of 600 euros per month, which is in addition to the pension. To receive 1,000 euros per month, retirees must contribute 25 euros per month from the age of 25. The real issue lies elsewhere. The issue is to finance the less prosperous segments of the population through insurance or welfare, and to ensure equality of access in territorial terms to care and services, which is the responsibility of the State and not of the private sector, which is developing only in certain areas.

Offering such insurance represents a way to address the issue of the loss of independence. However, the necessary condition remains that access to doctors, nurses, meals-on-wheels, etc. must be developed alongside care. Complaints made are in relation to these areas. Finally, one must collectively define priorities for the next 50 years, segment to cut expenses and ensure that the State guarantees this mandatory insurance.

Jean-Manuel Kupiec, Assistant Director-General, OCIRP.

Care insurance accounts for 850 million euros of contributions and 7 million contributors across the three types of insurers: mutual insurance companies, insurance companies and provident institutions. If this insurance is not successful, it is for reasons that are nothing to do with it. France is fuelling a denial of ageing and a refusal to be a caregiver. Yet in 2016, according to the Conseil d'Analyse Economique, care cost 48 billion euros, with 20 billion coming from the State and 20 billion from households. In 2015, France switched over with 24.2% of the population aged 0-20 and 24.8% over the age of 60. In an ageing society, care insurance must be the object of real debate, which has not occurred in France.

Public or private? Both are compatible. Today, the finance provided for care, the ISA (the independence social allowance), is the responsibility of departments and is insufficient. A real foundation is required, which would see everyone insured for one euro per day, an amount acceptable to 80% of French citizens. The same evaluation criteria, accepted by all insurers, should also be applied, something that the ISA does not do. There should also be a public file on unclaimed contracts. One could go further and offer a tax deduction. These criteria could provide the basis for the development of genuine insurance, with a label, a minimum income of 500 euros, a guarantee from the State for provisions to be made on these accounts in the case of Solvency 2.

What about age? At 60 years of age, it is too late. In Japan, this type of insurance is compulsory from the age of 40 with contracts managed by the city and financed in part by taxes and in part by contributions. The excess payable on these policies is 10%. A reasonable age must be calculated, with individuals tending to lose their independence at 80-85 years of age. In reality, it is the middle classes that are affected, with the very poorest to receive assistance and the richest groups in society paying for their own care. Middle classes who risk going into poverty during this painful period in care.

In short, this insurance must be compulsory, without pitting the State against the private sector. However, only one law can address differences between territories and finance GIR 1 and GIR 2, which are the most onerous levels of care.

Ana Llana-Nozal, Economist, OCDE

This care insurance only exists in five countries of the OECD: the Netherlands, Germany, Luxembourg, Korea and Japan. The advantage of this insurance is that it has its own dedicated fund, that it does not is not vulnerable to budget cuts as in other countries, where care provision is dependent on government revenue.

Mandatory or optional? Past experience has shown that this type of insurance is only effective if it is mandatory. Otherwise, low subscription levels result in poor mutualisation and, as a result, high premiums (and therefore, exclusion).

Whether it is public or private is not a real cause for concern. In the Netherlands, insurance is private but regulated by public authorities. Everyone must contribute; no-one can be excluded from this requirement. While competition does exist between insurance products, prices, contributions and services are regulated. The problem is what to do about people who do not work, as in the case of Germany.

What about age? In some countries, workers contribute throughout their working life, while in others they contribute from the age of 40 but retirees also contribute. The earlier a worker starts to contribute, the more manageable their premiums will be. This results in a problem of equity between generations. Persons aged 60 and over and 80 and over will outnumber young people of working age, who will be called upon to finance an increasingly elderly population. And yet, calling on retirees and people in care to contribute is also a paradox. In the Netherlands, employers make a contribution that is larger than that made by their employees.

Contributions must be calculated according to income. However, the services provided must be determined according to need. Very few countries apply this modulation in relation to requirements, which includes the small needs that are most often excluded and spaces out service provision. In France, people with small needs receive the same cover as those with greater needs, depending on their level of income.

Compulsory insurance is one possible course of action, but not the only one. In countries where there this type of care insurance exists, some funding often comes from taxation. Contributions are not the only source of possible finance. Needs must be targeted and improvements made to the quality of home care when it is known that many countries offer financial incentives to go to an institution, where everything is provided. Efforts must also be made to improve the coordination of certain services for people at home in order to avoid hospitalisation, which is very expensive, and therefore cost overruns.

Conclusion

Alain Villemeur, Scientific director, Chair TDTE.

There are uncertainties in relation to ageing itself. Life expectancy, which was once expected to continually rise, has fallen for two years in the United States and in certain regions in developed countries, such as the north of England. In France, healthy life expectancy has been stable for a number of years.

Life expectancy has not, without being affected by the numerous changes in progress, such as climate change and energy transition. The heatwave of 2003, with its 50,000 casualties in Europe, represents real crisis from which lessons have been learnt.

Digital conversion, the source of the bipolarisation of the employment market in the future, must be considered within the context of an ageing society, with a retirement age that will be increased in the next few decades. However, it also poses the essential question of training if one considers the opportunities it could provide in terms of progress, such as medical progress. Robotisation, for its part, could provide a solution to the decline in the economically active population, as in the case of Japan, a decline that has in part been offset by immigration in Germany.

While the connection between ageing and decline is far from having been proven, countries such as Italy and Japan remain causes for concern. The various sessions have highlighted negative effects, such as the concentration of assets in the hands of senior citizens, hence the idea of liquidating or taxing these assets with the imputed grants procedure.

In short, well-being is associated with activity, which presumes an inclusive economy, and with self-care, i.e. prevention and the acquisition of knowledge. Yet France is home to 6 million fragile persons, with fragility being the gateway to dependence. This explains the importance of European programmes designed to repair fragility and postpone the moment individuals require care. Hence the need to address the issue in terms of territories and inequalities between territories. In short, well-being is based on altruist care for one's own family, descendants, friends, etc. It is this theme of well-being that will now fuel the analysis and works of the Chair of TDTE.

Plenary, session 1: "Growth and well-being in the face of a brutal increase in the ageing population: Significant experiences in Latin America".

David Forero, Resercher at Institut Fedesarrollo, Bogota, Colombie

While Colombia has hesitated in its choice between a public PAYG pension system and a privately-funded pension system, the crux of the problem lies elsewhere: the two-thirds of the population excluded from the system (compared with 58% for Latin America as a whole).

In the 1990s, a first wave of reforms saw changes whereby obsolete, pension systems were turned into a mixed public-private system, a change that has not had much effect. In the 2000s, these countries carried out new reforms and put in place non-contributory systems, silent reforms that were soon rolled out across the board. And yet, except in Chile, this new system was not incorporated into the compulsory retirement system or contribution-based system, as it was aimed at people who had not contributed to the conventional pension regime. This is a tax of sorts inasmuch as if contributions are made, there is no subsidy.

The other disadvantage of this system relates to its durability in a country with an ageing population. With an ever-growing number of senior citizens, the tax burden will increase. The most enduring problem with this type of system, which is aimed at helping the most vulnerable (some 15%), is that it leaves close to 40% of the population without cover.

To resolve this problem and provide everyone with a pension, a more flexible and innovative PAYG pension system that is easier to access must be put in place, as Colombia has been able to do with its individual savings account. A worker in the informal sector can open such an account, which is not compulsory, and deposit funds into it as and when they wish in the knowledge that the balance held in their account will also be topped up by the State. The top-up is still small (around 20% of each peso saved). However, this system has great potential to encourage private-sector saving and to represent a long-term solution for people who do not work in the formal sector.

In macroeconomic terms, it is a multi-pillar regime based on different mechanisms that complement and are integrated with each other. A transition system in which the benefits are based on individual saving. Only Peru and Colombia have adopted this unusual system.

Angel Melguizo, Head of the Latin American and Caribbean unit, OCDE.

The Bismarckian welfare state, on which welfare protection systems around the world are based, was developed in response to a very specific context: German industrial cities where employees would spend their whole economically active lives working at the same production plant. For 40 years, workers and their employer contributed to a fund from which workers could draw an income in retirement.

Garcia Marquez imagined a village that was totally different to German industrial cities. The rules and institutions of a German city cannot be applied to Latin America, in particular due to its informal labour market. Only three out of every ten people have an employment contract. Therefore, just 30% of employees make contributions to a pension entitlement.

The effects of encouraging or forcing workers to pay into the pension system are limited. While a country such as Uruguay has a PAYG system that functions well due to the fact that it is based on solid institutions, this is not the case in other countries, where the issue is not so much which system to adopt, but rather to have rules and incentives that take their economic situation into account. The informal system not only affects those on low incomes but also the middle class in Latin America, resulting in the need for new, more robust social security systems. Subsidising this emerging class has been a way of ensuring re-election in Argentina, Bolivia, Brazil, Mexico and Peru. Nowhere has it enabled a pension system designed to last to be put in place.

One priority is to give thought to the funding of the system, to encourage Latin Americans to save, something that is more difficult for them than for German workers, given that the economic environment and, above all, politics are very different in Latin America. If

there is no confidence in governments, how can one be expected to save for 30 years to receive an unreliable pension? Would it not be preferable to invest in the education of one's children, in a home or even in the financial markets? One partial solution is to propose a payment from the State for individuals who build up a retirement savings account. With a very large informal economy, the question has arisen in an unprecedented manner for people in the West.

Carlos Pardo, economist, Chili.

Chileans are very proud of their funded pension system that is based on defined contributions. It is a pension fund system that can be described as "strictly actuarial", managed with unstoppable technical rigour, well organized and working rather well. A proof of this, are high levels of profitability of these funds over the long term. That is for the positive part. But this system does not include the 30% of the citizens who work in the informal economy sector and who are de facto excluded from this mechanism, and from other forms of social protection. In addition, women's low participation rate, between 42 and 45%. Women also suffer from incomplete careers (such as part of the male population, due to periods of inactivity unwanted) due to an unemployment rate that is higher than the average unemployment. Moreover, apart from the informal sector, there is a fragile population that is poorly covered within the contributory system. In addition, with a low contribution rate of 10% (only at the expense of employees!), with similar careers, it is not surprising that the Chileans' pension levels are, on average, only about half of those of the other OECD countries, which at varying doses depending on the country, combine distribution and capitalization.

Chile is an atypical case. After the dictatorship, changes happened in a very fast, structured... and brutal way. If from a macroeconomic point of view that it is a success, on a social level the balance sheet seems fragile. It's a radical change to move from distribution to capitalization within a few years. Today, a small number of people remain in the old pay-as-you-go system. A Zero pillar that is never mentioned and is financed by the state budget. Pillar 2, the "true", is a system of defined contribution pension funds where each person has an individual account which funded contributions are used to calculate the future pensions. To somewhat calm social protest, with regard to exclusion and insufficient levels of pensions, the government created in 2010 a solidarity pillar (or Pillar 1) which allocates pension supplements for people who do not have enough or hardly contributed. It is a kind of supplementary retirement, with a maximum of \$120 to \$130 per months.

Finally, and this is the pride of Chileans, with mathematical reserves equivalent to 70-75% of GDP, pension funds actually reflect a significant savings effort from households. A significant portion of this outstanding amounts have enabled and continue to enable the finance of the country's growth and modernisation from its own resources. Nevertheless, this system, where technology predominates, is strongly criticized because of the weakness of its social aspect.

Claudia Costin, Director, Center for Excellence and Innovation in Education Policies (CEIPE).

Unfortunately, the most recent analyses of the labour market in Latin America reveal that unemployment is falling to the benefit of the informal economy. There are countries that attempt to address issues related to pensions through social policy. This is the case in Brazil, where certain families under the poverty line receive cash transfers on the condition that they ensure that their children between the ages of 4 and 17 attend school and are vaccinated. This social policy is heading in the right direction but cannot take the place of a true conventional pension system.

On the other hand, the modifications made during the course of the project will force countries to reconsider and reformulate their pension systems and social policies. And yet, Latin America is one of the continents with the most unequal income distribution; hence the importance of fiscal issues, unless there is an absence of will to manage inequalities.

The challenges facing Latin America in the future are as formidable as they are numerous. Automation and robotisation are under way in developing countries, in particular in Latin America (Brazil, Chile and Mexico). At the same time, the demographic dividend is disappearing: within 12 years, the economically active population of Brazil will not be able to support children and retirees there. This brings us to another problem. Already-low productivity levels in Latin America are stagnating for reasons that are known, in particular poor educational attainment levels. In short, the concept of citizenship is a fragile one, hence the success of populist movements on the continent, in particular in Brazil.

Finally, a report by the World Bank reveals that reading, writing and arithmetic are not taught in schools in Latin America. In the PISA surveys Latin America lies in the bottom third of the classification, with Chile at the top and Brazil in 63rd position out of 70 countries. The scores recorded in Latin American countries correspond to two-and-a-half, or even three, years of education less than the average for countries in the OECD. School drop-out rates are very high, inasmuch as young people are not convinced that an education will guarantee them a future. At the same time the world of work is becoming increasingly demanding, requiring new skills, creativity, etc. The solution lies in education and lifelong learning, which is important to the well-being of an ageing population.

Hector Villarreal, Director-General of the Centro de Investigación Económica y Presupuestaria (CIEP), Mexico.

The problem lies in part in the solution, which is piecemeal rather than wholesale (“holistic”). While this is true for retirements the same is also true for health, not to mention infrastructure and education. In reality there will be competition between the various areas, given that it is impossible to increase all budgets. Preferences need to be demonstrated and assumed within the framework of a debate in which the various groups in the population are represented.

Demographic change is all the more difficult in Latin America, since the continent has not experienced the wealth seen in Western countries. The demographic dividend has not changed this fact. The burden will be even heavier. Yet political leaders have declared that economic growth will come and the problems faced resolved. While there is optimism as regards the positive contribution of technology to growth, one must remain realistic and envisage more pessimistic scenarios. To what extent can our institutions handle the absence of growth? Flexible fiscal instruments on a regional level represent one serious option. This manifestation demonstrates the importance of an association between the Chair of TDTE and those of Latin America to identify the issue and to share guidelines for analysis.

Roundtables - Session 3

Roundtable no. 7: “The gig economy and basic income: What are the consequences for senior citizens?”

Guillaume Allegre, Economist, OFCE-Sciences Po.

The gig economy, which is linked to online platforms, is still very marginal. In France it employs just 200,000 people, or 0.7% of the economically-active population, while in the United States, the country where this economic model was first developed, it employs 1.3% of the economically-active population. While there is nothing remarkable about the growth in the number of self-employed individuals as a whole, this increase has been due to the spectacular fall in their numbers after World War II and the sharp decline in the economically-active population engaged in agriculture. In France, the proportion of individuals who are self-employed fell from 20% in 1970 to less than 10% in 2000, only to rise to more than 11% thereafter. This increase was due to the creation of the category of “auto-entrepreneur” in 2008 as a result of a change that was more legislative than technological in nature.

It is more the polarisation of the labour market, fostered in part by digitisation, automation and globalisation, than this collaborative economy that is now at stake. In the labour markets of the West, mid-level personnel, skilled labourers and administrative personnel are disappearing in favour of more creative (and therefore, more qualified) positions and low-skilled occupations, in particular the provision of services to individuals, some of which could be “uberised”.

The collaborative economy entails the prospect of a poorer quality of employment and the much sought-after benefit of flexibility in schedules. The issues it raises range from the potential abusive rupture of the employment relationship to regulations on job insecurity, health and employment conditions. In terms of social protection, workers in the collaborative economy who operate as self-employed persons are not covered by unemployment insurance

or workplace accident insurance. Final risk: The capture of profits by platforms that are then located in tax havens.

Universal income, i.e. an unconditional monthly payment to each individual and a requirement to match this amount, can be defended using three different approaches. In the liberal version of universal income supported by Milton Friedman in the US, it replaces all social allowances and social insurance, allowing the elimination of the minimum wage. In the social democrat version of universal income in France, this income would provide better social protection in a context where the full-time employee would no longer be considered the norm (this is not the case: 85% of French workers are on permanent employment contracts) and would replace minimum social benefits. In its third version, that of negative growth, this income, set at the high level of 1,000 euros, would allow individuals to refuse certain jobs.

From a social democratic perspective, the benefits of this income are that it is exempt from undue appeals and administrative costs; it renders the receipt of benefits less stigmatising; and it can be aimed at young people between the ages of 18 and 25. Thus, the total cost of the 525 euros paid to 40 million people aged between 18 and 64 is estimated at 225 billion. This figure is not precise, as it does not include transfers. According to one microsimulation, with transfers of 60 billion euros the main beneficiaries would be those aged 18-25, students, couples in receipt of RSA and those with low incomes. The main losers would be single people and couples with high incomes, rather than seniors in employment. The main cost would be in the form of transfers (60 billion euros). Thus, while the wealthiest would lose 8,000 euros a year, individuals in the top four deciles would be 2,000 euros a year better off.

Universal income is a source of intergenerational transfers that can represent a supplement to the income of piece-workers but without providing them with an entitlement to social protection, a form of protection that is disappearing in the gig economy.

Emmanuelle Barbara, Partner at law firm August Debouzy

The gig economy has disrupted the foundations on which social rights and employment-based operations have been built. The manager of a major platform has said so himself, stating that “we are nowhere to be seen” at the publication of the statistics of the BLS (the US’ Bureau of Labour Statistics). According to the BLS, the number of self-employed people fell between 2005 and 2017 to 10 million. This number is contested by numerous experts, who believe that the real number of self-employed is four times as high. This same distortion is evident in France: INSEE has calculated the number of self-employed people at 2.5 million, while according to McKinsey the number is 13 million. The question here is the definition of self-employed or, in other words, what it means to work and to protect.

After 1945, our society built a very effective system based on employment contracts and the civil service, with the rest of the economically-active population made up of craftsmen, merchants and those in the liberal professions. With the wage-earning class emerged mass industrial production designed to cater for mass consumption, a system in

which the worker was employed at the same vertical company for their whole life and received a payslip as a form of recognition by the company, as a passport for welfare cover, and which enabled them to plan their lives. This model is currently coming apart. While 85% of workers in France are still on permanent employment contracts, 80% of employees are recruited on temporary employment contracts. While a mere one-third of workers on a permanent contract work from 9h to 12h and from 13h to 17h, another third fail to record three years of service under this regime. Based on the above, the permanent employment contract is no longer standard.

According to INSEE figures for 2017, 15.4% of the economically-active population is now employed on a temporary employment contract, on an interim basis, etc. This is an unprecedented situation. Is there reason to be concerned? Is this method of working a product of the combination of globalisation, automation, digitisation and individual aspirations, in particular among the very youngest, who reject the vertical nature of the workplace? The emergence of this online figure, connected to the internet and who wants the freedom to work in a flexible manner, has been aided by the law of 2008 on sole proprietor status. The question raised does not relate to employment, but to the protection of the individual. If the issue of access to housing and credit can be resolved, these new workers will be given the same consideration as those who have an employment contract.

Marc de Basquiat, Economist, President of AIRE (Associés pour l'instauration d'un revenu d'existence)

Existence income, also known as universal income, is a basic unconditional income or universal benefit, that rhymes with the beautiful motto "equality, freedom, fraternity». It allows everyone - young people in particular - to choose their activity, their experience and their freedom. This freedom income works well in the Gig Economy because it is in line with the precariousness that it generates. It effectively accompanies chopped paths, alternating between different types of crops. Employment and unemployment and even RSA. Talking about universal income is about providing a foundation for very stable base, capable of securing people over time.

Currently, the relatively less supported families are the unattached individuals, childless couples, little-contributing retirees and young people. For example, the family policy suffers from many inconsistencies: the aid allocated per child results from the combination of ten social and fiscal mechanisms that no politician would be able to justify. Universal income would replace this ineffective complication with a lump sum per child, understandable by all.

It's rarely explained that progressive income taxes are the first french redistribution tool. Most of the tax collection comes from the portion 3 (with a rate of 30%), that represents 12% of the households. Tranches 4 (marginal rate of 41%) and 5 (45%) only concern 1% of the households. Tranche 2 (14%) is nibbled by many exemptions, which brings it surprisingly close to Tranche 3. In the end, the tax on current income is structured mainly by Tranche 3,

which is calculated by subtracting to 30% of the reference tax income a fixed term - 476 euros per month for one person alone, twice as much for a married or partnered couple (in 2018).

This fixed term can be called « existence income », accompanying a levy proportional universal of 30% to the first euro. This income tax reform would make appear an existence income of about 500 euros per month per adult, which would replace also the complication of the RSA and the general exemption from social security contributions (reduction Fillon).

In the end, this reform represents a major simplification of family policies, income taxes, the calculation of social contributions and social minima. Properly configured, this synthesis of French redistributive mechanisms would generate winners among the low income earners and net contributors among the wealthiest. For all, the benefit is a drastic simplification and elimination of any categorization of the population.

Jean-Eric Hyafil, PhD in economics, Paris 1.

Universal income, which was the subject of extensive debate in the most recent presidential election campaign, remains an obscure topic to say the least. There is more to universal income than the idea that it is paid by the State to each individual without conditions (i.e. regardless of income and without a matching requirement). The level at which this payment will be set, what it will replace and how it will be financed are yet to be seen.

This income is around 500 euros and replaces the RSA. Unemployment benefit, pension entitlements, social protection, APLs and disability assistance remain unchanged. It will be financed by a reform to income tax.

Above all it is a socio-fiscal reform, moving from a system with an RSA for the very poorest on the one hand and, on the other, income tax that is only paid by half of all households to a new system based on universal income and a universal tax. Above all, it is also a social reform that changes how those who experience social exclusion are understood.

At present, an individual who has no primary source of income receives RSA. However, their RSA and employment bonus are reduced as their income rises. Once their income reaches the legal minimum, their income is subject to tax. Under the new system, each individual receives this basic income but all income they earn is subject to tax withheld at source at a rate of 25% to 30%. Without this tax reform, there can be no universal income.

The issue raised by this income is not due to how it is financed, but its redistributive effects. What base and what scales should be used for this new tax? Should it be merged with the CSG? Should the exemption on contributions for low-income households be abolished? Should be (partly) financed by the wealth tax? As with any tax reform, this new tax has infinite configuration possibilities.

As a social reform, an automatic and unconditional universal income raises the question of knowing what form any assistance given to further social integration should take.

While it is admittedly a technical question, it is also a fundamental one in order to measure the effectiveness of universal income. The experiment conducted by the Departmental Council of Gironde is deserving of support in order to determine whether or not its beneficiaries are still on the road to integration.

Roundtable no. 8: “How to prevent the inequalities that come with age?”

Hervé Boulhol, Economist, Head of the Latin American and Caribbean unit, OCDE

Recently, the OECD published a report on, and which warns of the need to prevent, inequality in the face of an ageing population. Indeed, inequalities arise early in life and increase over time, whether they be in terms of education, employment, salary or pensions but also in terms of care. To effectively combat these inequalities, they should be addressed as soon as possible and monitored at different stages of the ageing process. The links between education, health and the labour market are well-known. However, their effects grow over time with increases in life expectancy.

Health inequalities, measured using mortality tables after the ages of 65 and 70 years, are greater than in the past. The extent of these inequalities varies according to social groups: 60% of individuals with low educational attainment levels experience poor health. Among those with higher levels of educational attainment, the figure is 30%.

Populations in OECD countries and in southern Europe, but also in Poland and in Slovenia, are ageing at an ever-faster pace, with major economic and societal consequences. Since 1980, income distribution has been skewed in favour of those aged 60-64 (on average, their income has risen by 13% more than their peers aged 30-34) in France, Denmark, Italy and Spain. At the same time, the very youngest have seen their share of the total number of people living in poverty rise.

The Gini coefficient for people born in 1930 is higher than that of those born in 1920. This trend continues among those born in 1930 and those born 50 years later, with a five-point increase in inequalities except in France, Ireland and Switzerland. In these countries, inequality at the same age has not increased, unlike in the United States. Meanwhile, people born in 1960 have lower incomes than people ten years older: although employment at the same age rose until 1975 it declined thereafter, in particular for those born in the 1980s, despite the increase in female employment.

The retirees of the future will not have the same experience as their predecessors. Inequality continues to grow and people born after the 1960s, in particular those with low levels of educational attainment, will be among the first casualties, a situation that represents a major societal challenge.

Axel West Pedersen Professor and researcher, Institutt for Samfunnsforskning, Norvège.

Pension systems are far from having the same effect in reducing inequalities over the course of a person's life. Ascertaining whether or not they reinforce each other among rich and poor, men and women, is all the more important given that retirees will have a major role in ageing societies. There is a chance that the inequalities that grow during a person's working life will increase further once they are in retirement.

The aim of recent reforms was to ensure a better economic performance and, as is the case in Norway, to increase opportunities for employment. Nordic countries have taken longevity into account when reforming their systems, and have put actuarial mechanisms in place. This "flexibility" is the product of a policy that is somewhat harsh in that it no longer bears the burden of social insurance that was previously in place. People in poor health or who wish to take early retirement no longer receive subsidies and, in order to receive sufficient income, must contribute to a voluntary pension scheme.

These policies will collide with inequalities that increase over time. Persons on low incomes will be worse off under these new pension systems. This question has given rise to debate in a number of countries in relation to differences in life expectancy, health policies and compensation mechanisms that take differences in life expectancy according to social classes into account to be put in place. And yet this is not the approach that should be adopted, as it is difficult to incorporate all of these parameters in an equitable manner. It would be better to make benefits more progressive as a whole and to relaunch universal systems that are highly equitable. Connecting longevity and income over the course of a lifetime in this way would help achieve this objective by introducing an element of progressiveness.

The various reforms implemented in Scandinavia have introduced increasingly customised systems that only take individuals' careers into account, and not retirees' family situation. As a result, these reforms have led to the elimination of insurance to cover the loss of economies of scale resulting from the death of a spouse, which is unfair and demonstrates that these reforms have gone too far.

Andraz Rangus, Chief Adviser at ZPIZ and President of the SPC-AGE Working Group of the European Commission.

The population is ageing at a rapid rate. In 1970, persons between the ages of 0 and 14 accounted for 40% of the population. Soon, they will account for just 25%. At the other end of the spectrum, there were 90,000 people aged 100 and over in 1990. Within less than 10 years, this number will reach 1 million.

During the course of their lives, individuals produce and consume. During the two periods in which they are not economically active, they only consume and add to the deficit. On the other hand, during the economically-active period of their lives they produce more than they consume but must cover not only their consumption, but also past debt and accumulate a certain level of savings for their retirement.

On average, Europeans work for 31 years and spend 22 years in retirement. However, Swedes work for 36 years and are in retirement for 19 years, while in Greece employees work for 22 years and spend 27 years in retirement. These differences between countries are accompanied by divergences between generations. In Slovenia, the class of 1983 has worked for 36 years and will reach retirement age within 15 years, while those who took retirement in 2012 worked five years less to receive a pension entitlement for eight years longer. Which generations win and which lose? One could expect that it is young people and future generations who will bear the greatest share of the cost of financing the various systems. If education is included in public transfers, the generations that have benefited greatly make a large contribution towards financing the retirement of the baby boomer generation. The generation that benefits most in net tax terms was born between 1979 and 2000. The biggest losers are those born in the 1980s who have no experience of social security...

Intergenerational equity assumes that each generation can expect to receive the same benefits as the previous generation. Better education means a better contribution to the pension system. Therefore, the sooner people start to contribute the more convincing the results will be. Yet new skills are required, workers are expected to work longer and different generations are encouraged to contribute to the pension system, which cannot continue to be based on the Bismarckian model. One could paraphrase Darwin and say that it is the most agile, not the strongest or the most intelligent, who will be able to adapt to change.

Vitalija Gaucaite Wittich, Lead economist, Population Unit, UNECE

UNECE is a regional commission for the United Nations that represents 56 countries at very different stages of development, 17% of the world's population and 30% of the world's oldest citizens. Intergenerational inequality is the product of three elements: early childhood, the declining economically-active population and the growing share of the population made up of senior citizens. Between 20 and 24 years from now, the population over the age of 65 will be larger than the population under the age of 13. This is where intergenerational equity is played out.

While people spend longer in employment there is a difference between men and women. The determinants of this difference can be found in the labour market, labour force participation and income. In Iceland, which has the highest participation rate, the number of the oldest females in employment is in slight decline. In countries where wages are lowest, these inequalities between men and women are even greater. In Turkey, on the other hand, there is a special regime for women in which they receive a large survivors' benefit and even daughters can receive their father's pension. Inequalities between generations also exist to the detriment of the very youngest, who are less privileged. In terms of access to health services there are no great disparities, with Slovenia in first place and Latvia at the bottom of the table.

UNECE has developed indicators to measure differences between men and women, which are considerable when it comes to employment, social participation, independence

and the ability to remain active in old age. However, when calculated for persons above the age of 55 this indicator shows that subsequent generations have a higher level of educational attainment and reap the benefits of it. With regards to intragenerational differences, when we combine living space (whether urban or rural), levels of education and income quartiles we find that the position of individuals with the highest levels of educational attainment improves over time, unlike those with lower levels of educational attainment and who live in rural areas.

While the situation varies greatly from country to country, gender is the biggest determinant of inequality followed by wealth, and not just income.

Maurizio Bussolo, Lead Economist, Office for Europe and Central Asia, World Bank.

Ageing is a success, if one considers living as long as possible in good health an ambition shared by all. The OECD report is valuable in that it demonstrates that inequalities are not static. Within any particular cohort, inequality will increase over time. Therefore, if the whole of a society were to age at the same time, it would become more unequal due to the fact that there would be an accumulation of gaps or shortages over the course of a lifetime. Moreover, the youngest cohorts start from a greater level of inequality. Yet the dynamic of inequalities is very difficult to correct, inasmuch as they are inherent to the systems in place.

The OECD report also shows that the link between ageing and inequalities is the product of policies formulated not only with senior citizens in mind, but people at all stages of the life cycle. In recent years, the World Bank has published three or four reports on ageing in the various regions that it covers. The largest inequalities are found in Latin America, where the wealthiest 5% of the population earn in 15 hours what the most disadvantaged earn in one year. However, in the last 15 years these inequalities have been reduced as a result of education policies that have had an impact on early life chances.

Ageing becomes a real problem when pension cover is insufficient and pension systems do not meet the needs of an ageing population. In the Middle East, it is not so much this inequality that is a factor as that which is the product of irreversible determinants (the family environment and the ethnic group of which an individual is part). In sub-Saharan Africa, a very young region, now is the perfect time to put a pension system in place and start to accumulate funds for pensions. The OECD report shows that in Asia, ageing is the result of policy choices such the one-child policy in China. However, it also sounds a warning for societies whose populations age before they become wealthy.

In Europe and central Asia (except for western Europe), societies are ageing without individuals living longer. This is the case in Russia, which has an ageing and declining population and is experiencing a fertility crisis. Mortality remains very high, in particular among men aged 50, who have seen a sharp rise in their mortality rate in the last three years.

Roundtable no. 9: “What is the connection between retirement, growth and well-being?”

Pierre-Louis Bras, President of the COR

Can a pension system have an impact on growth? Yes, either through contributions paid into it or the payments made to beneficiaries. The former consist of contributions made by employers and employees. And yet, if employers pay into these systems the cost of labour can rise and competitiveness could fall, having a deleterious effect on incentives to invest or innovate.

Thus, the question is whether or not employers will make their own contributions. It is often said that these contributions no longer exist on low salaries, and that the cost of those contributions paid on high salaries in fact feeds through to employees' net salaries. Without calling into question the legal myth that draws a distinction between employers and employees, which in turn provides a justification for mixed governance, an economist could argue that for the most part, contributions are paid by employees. This can also have an impact on growth. With lower net salaries, employees could be less inclined to work.

The second question, which is as complex as the first, is whether employees consider their pension contributions a tax or a real form of deferred income. In the case of the former, the pension system is detrimental to growth in that employees do not feel obliged to do their job better. In the case of the latter, this is not the case.

In terms of benefits, these allow part of the economically-active population to withdraw from the labour market, reducing the size of this market (and therefore, potential growth). Benefits have the greatest impact on levels of growth. The General Directorate of the Treasury has simulated for the COR three reforms of the pension system that have the same impact on the reduction of its deficit: increase the age from which beneficiaries can draw on their entitlements, reduce pensions or increase employer contributions. In the very long-term, increasing the age at which individuals can draw benefits has a positive impact on growth, increasing GDP by 1.4% over 20 years. If people work longer, the reduction in the economically-active population is smaller. At the outset, this will result in an increase of 0.7 percentage points in unemployment over 10 years. However, increasing employer contributions would reduce GDP by 0.4% over 20 years, with a smaller impact on unemployment. Therefore, the influence of the pension system on growth lies in the benefits it provides and its impact on the economically-active population.

At the outset, this effect on growth is not accompanied by an effect on well-being. Well-being depends on income, growth and GDP, as well as leisure time. For individuals with meaningful, well-remunerated employment with no cumbersome hierarchy the postponing of the retirement age is a blessing, while for those who do not have such employment it is a curse. In other words, individuals with a long life expectancy can take retirement at 65 and have 30 years of leisure ahead of them, which is not the case for workers who die at 65.

Therefore, the effects on GDP do not tell us anything about well-being, in particular according to socio-professional categories. The title of the conference invites observers to cease thinking of reforms to the pension system in terms of equilibrium or even growth, but rather to think of them in terms of well-being.

With regards to future reform, the question of comprehensibility is far from being resolved. Some defend the points system, with an accumulation of capital, using the argument that the conversion coefficient is much easier to understand. For others, the only understandable system is that based on benefits calculated for a fixed rate of replacement, a system where contributions can therefore rise to 25% of GDP through adjustments as opposed to the current 13.8%. Thus, the discussion remains open.

In terms of well-being, the definition of the system must be as close as possible to the average preferences of the population. In the DRESS barometer, 66% of respondents in 2015 and 80% in 2017 rejected a reduction of certain services in exchange for lower taxes and contributions. According to another survey, 5% of respondents said they would accept a reduction in pensions, 60% would accept an increase in the age of eligibility for benefits and 30% would accept an increase in contributions. This is a statement of opinion that neither says much nor finds the optimal point in terms of well-being.

Didier Blanchet, Economist, INSEE

In France in the 1980s, in the very early days of the debate on pensions, there were two pieces of received wisdom in circulation. The first was that ageing posed the question of the non-replacement of generations, not that of longevity. The second, argued by Cassandras, stated that this very ageing process minimises the economically-active population and would result in this segment of the population bearing the ever-increasing burden of older generations, resulting in impoverishment and a reduction in GDP per capita.

With regards to the first position, even if the replacement of generations remains problematic, ageing is first and foremost a question of longevity. In terms of the second position, the most negative scenarios indicate that annual growth of 0.5% would be enough to prevent a fall (in absolute terms) in the average standard of living of the French population. In view of this result, some have announced that there was no reason for the “pensions question” to be an issue. While growth of 0.5% neutralises the effects of the ageing of the population, any growth in excess of this level results in an increase in spending power.

To raise this paradox amounts to saying that the issue of pensions between now and 2050 is not the product of absolute purchasing power, but of relative purchasing power and the affordability ratio. The tool that sheds light on the debate on pensions is no other than the described relationship between three parameters: the retirement age, the income ratio or contributions, and the rate of replacement or retirees’ relative standard of living. This abacus remains unchanged, irrespective of the level of growth used. Reforming pensions would require arbitration between these three measures, irrespective of growth: increasing contributions, reducing replacement rates or increasing the retirement age.

Why has the question of economic growth arisen again in the debate on pensions? While the COR abacus is unresponsive to the level of GDP, the rules adopted to bring about changes to the pension system, such as the move to price indexation, are unexpectedly far from indifferent to growth. With price indexation rules, if growth is weak the rate of replacement falls little. Therefore, there is little incentive to increase the retirement age. When growth is strong, however, relative rates of replacement will fall sharply. As a result, maintaining relative purchasing power would require an increase in the retirement age.

This subject has assumed new currency with the crisis of 2008-2009 and uncertainties in relation to future growth. To date, the COR has developed a habit of highlighting macroeconomic variants in its projections in which the paradoxical impact of growth plays a major role. To escape this dependence, rights to wage increases must again be anchored to productivity and an attempt made to manage the demographic shock using instruments that are directly correlated to demography. The French paradox is the desire to resolve a demographic problem using the lag between the change in nominal wages and the change in prices, a parameter that is not affected by demographics.

An ideal pension system should decentralise individual decisions between age, the rate of contributions and replacement rates. This theoretical system is no other than integrated individual capitalisation. However, its disadvantages are such that a collective system is indispensable with one parameter (the rate of contribution) that cannot be left to personal discretion. Once this constraint is in place, individuals can arbitrate on the two other parameters. It contains the rules of actuarial neutrality, i.e. start as early as possible against a lower replacement rate and inversely. While the pension system can maximise collective well-being, it must also take account of inequalities and incorporate instruments of compensation. The reform planned will also affect the calibration of these essential instruments.

Vincent Touzé, Economist, OFCE-SciencesPo

The issue of the financing of pension systems rests on good news: the longevity shift that is directly linked to the public finances, and therefore to growth. The levers are well-known: later retirement or an increase in pension contributions, an unpopular measure in a country where contributions in the private sector are 25 to 26%. This is not unrelated to the law that determines the rules for the calculation of pensions and how premiums are collected. Contributions are calibrated as a function of projections and in terms of the adjustment to growth. Should a prudential approach not be adopted, as in the case of insurance, that uses less optimistic scenarios that allow the fruits of any growth recorded to be shared?

The link between ageing and growth implies the possible development of a society built around senior citizens, seniors in better health who will work longer and represent a positive shift associated with an economically-active population that is not contracting. The questions to be raised are how to manage the work of senior citizens in the long-term, to determine productivity/age if one considers the level of expertise acquired and the possible depreciation of said expertise in the event of a technological shock.

The population over the age of 60, which has increased over time, represents a new market that is ever more attractive due to the generosity of our pension systems and the fact that people in this age group are asset-rich. These consumers are highly solvent; hence the interest in seizing opportunities for future growth. Given that retirement no longer represents a withdrawal from life, senior citizens are looking for a leisure economy that provides fuel for production, in particular services. Their capacity for informal production should also be taken into account, e.g. unpaid care provided to their dependent relatives or to their grandchildren, given that family solidarity is a priority in well-being.

Longevity can be measured over the life cycle and retirement, a projection that requires prevention to preserve well-being in longevity. Pension system reform is not without an element of hypocrisy, in particular in the public system, where the index point has been frozen for a number of years. Today, French people have acquired a degree of maturity that has moved them towards a system that provides an indication of their true performance. Pension systems should be better calibrated in a less optimistic manner so that they continue to bring good news and are not subject to downward adjustments.

Roundtables - Session 4

Roundtable no. 10: “The digital society and senior citizens: Exclusion or opportunity?”

Thierry Vachier, General Director, Siaci Saint Honoré.

In France, the population in the labour market (20 to 64 years of age) currently accounts for 60% of the economically-active population. By 2030, this figure will fall to 55%. How do we manage this change and the mix between young people, the middle aged and seniors?

What is seen as a constraint within businesses that wish to optimise their age pyramid will prove to be a strategic error. By depriving themselves of senior citizens, businesses lose skills. Some, such as this Swiss firm, have come to understand this: this firm makes a point of helping senior return to active employment post-retirement, an active market of some 10,000 people who have know-how that has not been passed on.

One of our aims is to support change in the business. Very often, it follows a financial approach (i.e. optimise its age pyramid, reduce the wage bill, irrespective of whether it is in difficulty or not) and not a long-term approach that organises the transfer of knowledge, reverse mentoring towards digital technology in one direction and tutoring in the other. Real change, with intergenerational management, is imminent.

Siaci Saint Honoré recently rolled out intergenerational health programmes in some ten companies, going as far as adopting a liabilities-based approach on one balance sheet. Solidarity schemes where assets finance the health of future retirees. Experienced seniors as a vital force to be protected in terms of employment. The role of DRHs is to enable young people and senior citizens to coexist and reconcile their expectations, with seniors being resistant to change and young people seeking direction.

Employability remains the main issue. From the age of 45, the aim is to be able to retrain, to reposition oneself. Companies have understood this issue, organising transfers of know-how through expertise structures organised by their older employees. Alcatel and Total, for example, have provided a growing SME with seniors to share their skills.

Digitisation, for its part, accelerates learning within businesses of the need to work on their organisation, the mix of generations and, above all, the transfer of know-how.

Régis Blugeon, Director of Group Social Affairs, DHR France, Saint-Gobain

Here are a few statistics about Saint-Gobain: 170,000 employees, a company operating in 67 countries, a turnover of 40 billion euros of which 80% is generated from housing and 10 billion euros are generated in France thanks to 43,000 employees. The Saint-Gobain group is involved in housing, and industries. In France, operates as a distributor through two main brands: Lapeyre and Point P.

There are three main trends at work in our environment. The relationship to the consumption is changing with a share of purchases that is increasingly made via the Internet and the digital. The second trend concerns the final customer, who is now at the centre of an organization like ours, and the departments that revolve around it to serve him. And the third evolution is the transition from acquisition logic to usage logic as it is illustrated by the success of BlaBlaCar.

The economy is also being changed by two major transformations, that are globalization which compresses distances and digitalization that reduces time. This combination means that the strategic positioning of companies is shifting. As for robotics, a new generation of robots, configured and guided by the hand of man, is already present in our factories. These 4.0 factories are also using Big Data and its very powerful algorithms, the Internet of objects, 3D printing and even gaming for learning and training.

The Group's strategy is focused on the well-being and multi-comfort of our customers. As a result, the Group operates locally in a global world, as close as possible to the customer, whether in manufacturing or service. The upcoming plant is digital 4.0; new technologies will be more and more present. We prepare our employees for these changes by training them to anticipate change, asking them to be agile, open-minded when facing short times imposed by our markets and our production. This is one of the Digital characteristics: to adapt to the constantly changing customer demand.

This new world has moved us from the notion of competence to that of attitude. Attitude towards the customer and the challenge of entrepreneurship that management must prioritize, but also towards innovation by filing as many patents, carrying the future of the Group, as possible. Digital is a real opportunity that simplifies access to information, helps managing companies.

Jacques Pelletan, University lecturer, Université Paris 8

Working longer in the context of the digital transition poses a number of questions. The first relates to learning and how the learning curve can interact with age, so that a given technology is an opportunity, not a factor in exclusion. One study involving 16,000 respondents between the ages of 16 and 75 in the United States shows that there is a plateau effect, but that this effect largely depends on the type of cognitive capacities. From a certain age, it would seem that there is a decrease in the recombination of purposes, the manipulation of figures, the rapid processing of information without affecting vocabulary, management skills and memory.

To understand the type of society that awaits us in the future, one can also adopt the approach of sociologist Vilarién Pareto, which draws a distinction between two types of “waste” that can explain a society. One is the spirit or instinct of combination at the source of innovation, while the other is the persistence of aggregates. In terms of cognitive capacities and the ability to learn, age is to be used for the benefit of the persistence of aggregates, with the instinct for combination declining with age. Without doubt, this is good news for the oldest members of society, whose abilities are more crystallised than fluid. For its part, the digital society, a sort of disaggregated society, favours fluid abilities.

On the other hand, economists have emphasised the importance of the term “endogenous”. Seniors who have made the most of their skills can see a given cognitive skill decline with age. However, this endogenous process to a large extent depends on what seniors do to update their know-how or acquire new skills, a fortiori in a society driven by the digital transition. Gaming is one way to become more mobile and flexible. AI, for its part, is a less standardised way of working. In general, technological progress can be a curse for senior citizens if their training has not kept pace with this progress.

What could be the respective roles of business and public authorities? From a macroeconomic point of view, three-quarters of those aged 55-64 in Sweden compared with those aged 25-34 have access to ongoing training, while in France one-third (or even one-quarter) of persons aged 55-64 compared with those aged 35-34 have such access. This comparative disadvantage as a result of age is therefore linked to training. To a large extent, this stalling in access can be expected to set in at 45-54 years of age. And yet in France, this stalling starts at 40-45 years of age.

While businesses receive incentives to provide training, some resources allocated for professional training can also be set aside for employees within a given age category. In the event of a technological shock, training can be provided over time. The key word here is

investment. The digital transition will see some of the population lose their jobs and find themselves on unemployment benefits again, which provides little and poor training.

A technological shock must be met with a training shock. Within the framework of the Chaire, a report will be submitted on lifelong training with an evaluation of its impact on growth. This is a 6- or 12-month training program designed to counter a sectoral or technological shock. Providing 6 months' full-time training to 3 million unemployed while at the same time continuing to pay their salaries would represent a cost of some 70 to 80 billion euros. This measure is a training shock in response to a technological shock, i.e. an investment by businesses and public authorities. At this price, digitisation would represent an opportunity and not a factor in exclusion.

Roundtable no. 11: “Should there be investment in prevention to better manage health expenditure?”

Thomas Barnay, Economics professor, Université Paris-Est Créteil

Could prevention be the answer to this main failure of the French health system, i.e. the ability to address early male deaths associated with risky behaviours? Despite being on a downward trend, tobacco and alcohol consumption remain very high in France when compared to other countries in the OECD and results in deaths from cancer and cardiovascular disease before the age of 65. According to an indicator of the OECD, the United States, followed by France, are the two countries that would lose the most years of potential production. And yet, more than one-third of these deaths could potentially be avoided.

While there are areas for improvement in the health system, just 6% of spending (15 billion euros) is allocated to prevention, plus the 6 billion euros spent on institutional prevention in this area of intervention in medical consultations. This is a small amount and over time spending in this area has been on a downward trend, despite the ordinance proclaimed by all national strategies. And yet, this is not less profitable than care. There are also obstacles in the form of patients and moral hazard (whereby the segment of the population that poses the greatest risk has a very strong preference for the present). Addictive and herd behaviours call for action on social determinants, other than mere financial incentives. With regards to social inequalities when it comes to health, these play a crucial role in view of the differences between individuals who do or do not get tested for free, depending on the social gradient.

Doctors also pose an obstacle. In 2011, the fee-for-service system was replaced with target-based remuneration for public health. This has not provided good results in terms of prevention. While performance-related payment has a positive impact on polymedication and risk in hospitals, it has not led to progress on screening and vaccination practices, giving rise to financial evaluations. Therefore, financial incentives are no longer sufficient.

Can health spending be better controlled by investing in prevention? To do this, investment in prevention must be targeted and be allocated to systems that have demonstrated their cost effectiveness, are efficient and can reduce premature deaths. According to CNAM statistics, a person who dies at the age of 60 costs more than a person who dies at 85. In terms of public health but also in economic terms, it is better for individuals to live longer.

With regards to prevention irrespective of age, studies show that it is useful both for children with vaccinations and for the middle-aged population with screening for a certain number of cancers and for the elderly. According to current studies, targeted prevention can delay the onset of long-term health conditions, which account for 70% of health insurance expenditure. It can also delay the age at which people become fragile, a precursor to a need for care.

In the short-term, more effort in terms of prevention results in higher overall spending on health. Aware of the spontaneous trend towards an increase of 4% in expenditure, reducing this growth to 2% would result in savings of 5-6 billion euros per annum, i.e. arbitrage that replaces inefficient spending on health care with efficient expenditure on prevention. The potential levers for reducing expenditure and, in doing so, ensuring this transition, have yet to be identified.

Jean-Martin Cohen-Solal, General delegate, La Mutualité française.

In the medical curriculum, we were told in the 1970s that scientific progress and prevention would result in lower health care costs. This has since turned out to be a serious error. It should be pointed out that the concern for prevention is a somewhat recent phenomenon, and that the costs of prevention were not reimbursed by health insurance until the late 1980s-1990s. But is this the role of health insurance, which is designed only to cover care?

All presidential candidates neglected to make prevention their priority, with none really saying anything more about this issue. Is prevention profitable? Can it be measured in terms of life expectancy? It is often forgotten that the extra years of life gained are not always good years, and can also be spent in poor health. One of the main changes made to the health system is based on these lengthy illnesses, cancer and AIDS, for which are is given but are never completely cured. In the US, which has very high levels of spending on health, life expectancy is in decline. The cause of this decline is the increase in health inequalities, less in terms of access to care than of prevention, as in the case of obesity, which in particular affects more deprived groups in the population.

Good health and prevention go hand in hand with certain rules of behaviour, which is not evident... And yet anti-tobacco campaigns and dental hygiene campaigns have had successes that show which approach to take. While it is difficult to demonstrate a form of economic efficiency, one cannot doubt their social impact.

In short, to obtain good results when it comes to living longer in good health,

prevention must start well before the age of 65. Rendering this prevention more professional and measurable raises the question of knowing how to intelligently manage the formidable asset - which is also an immense risk - that is health data. Predictive and personalised medicine depends on it. It remains to be seen if this individualisation of risk calls into question the very foundations of health insurance, social security and mutualism.

Pierre-Yves Geoffard, Director and professor of economics, PSE.

A shortage of information means that it is impossible to determine anything other than that in terms of the share of health expenditure that is spent on prevention, Germany spent more than 5% of its health budget on this item in 1990 and that in 2000, France spent 2% of its health budget on prevention, well below the OCED average, while spending on prevention in Canada and Finland was well above this average. Is it better to spend more? As a share of GDP, spending on prevention is extremely low (of the order of 0.2 to 0.4%).

There is a saying that “prevention is better than cure”, it being understood that preventing an illness costs less than providing care for it. According to the statistics, this popular belief is not borne out by the facts. While some expenditure on prevention is more effective than other expenditure, this does not mean that prevention in itself is more effective than care in improving the health of the population. On the other hand, prevention covers a much wider area than care on treatment, road safety and environmental safety, for example. In terms of lives saved some measures are effective and inexpensive, while others cost billions of euros or are ineffective. Some types of tests carried out in the name of zero risk (for example, for very rare viruses) have a very poor cost/effectiveness ratio. An English team of researchers recently published a study comparing the cost effectiveness of expenditure on preventative medicine and that of curative medicine. 4% of preventative measures, accounting for 6% of expenditure, had undesirable secondary effects that were detrimental to human health. This meta-analysis shows that prevention is not more effective than treatment, except on a case-by-case basis.

An older article shows the median cost of each year of life saved for different types of prevention in terms of the health care system, the regulatory system, construction standards, transport measures, environmental initiatives such as health and safety, etc. From this point of view, the health system is better-placed than environmental measures, which are very costly and produce uncertain results. However, it is difficult to impute this causality for the latter, since these measures are very long-term. While the reduction in pollution has short-term effects on lung diseases, the same cannot be said of the effects of endocrine disruptors on the general health of the population. With better access to health data, it would be possible to revisit these questions and learn more about the retrospective effectiveness of a particular prevention procedure.

In short, prevention in no way depends on a control or otherwise of health expenditure and reflects an entirely different register than that assumed by the issue addressed at this roundtable.

Jean-Louis Rulliere, Economics professor, Université Lyon 1

Prevention is less about investment and more about encouraging individuals to adopt preventative behaviours. The insurance model shows that risk transferred to a third party in exchange for remuneration is ineffective in terms of prevention due to numerous assumptions. Indeed, transferring risk also involves manipulating it, as pointed out in the literature on information asymmetry. This information asymmetry has two main outcomes: adverse selection and moral hazard, which renders the market inefficient.

In 1972, Ehrlich and Becker developed a model that has since become a benchmark. Ensuring prevention amounts to an effort to reduce risk. Primary prevention can reduce probability, and therefore pure risk. The benefit is that it can be used to reduce premiums. Secondary and tertiary prevention reduce the seriousness of cases, the consequences of risk and, as a result, the size of claims or health expenditure. In the case of primary prevention, the higher the level of cover the more preventative the attitude of the individual and the individual is prepared to invest in prevention, which is positive for insurers. In the case of secondary and tertiary prevention, investing in prevention means investing in insurance given that, rather than paying a premium, investing means paying an amount that compensates for expenditure in the form of investment in prevention.

And yet, when put to the test this theoretical model does not work. In France, health expenditure is equivalent to 11% of GDP, 15% above the OECD average, with a smaller co-payment for patients. Despite these figures, France is less than virtuous when it comes to antibiotics, generic medications and vaccination. In terms of the risks to human health (tobacco consumption, alcohol consumption, overweightness, pollution), with a religion that bans alcohol consumption tobacco is number one. With regards to alcohol consumption, France is also breaking records and is making up lost ground on other countries in terms of obesity levels. And yet, the first three risks are directly linked to behaviours, the first two to an addiction. Nevertheless, surveys on the reasons for these behaviours still show a statistical bias that distorts their results.

Prevention is the product of encouragement according to two models of regulation. On the one hand there is libertarianism, i.e. the insurance model; on the other hand there is paternalism, i.e. the weight of regulations. For primary prevention, regulation is far more effective. On the other hand, secondary and tertiary prevention are aimed at individuals who are aware of the risk, and are therefore encouraged to get themselves tested. In this case, the insurance model is the more effective of the two.

Cécile Waquet, Deputy Director, preventative healthcare division, AG2R La Mondiale.

The effectiveness of investing in prevention to reduce expenditure has never been proven. Even so, complementary health cover and social protection groups are interested in adopting a procedure that focuses on prevention.

AG2R La Mondiale is a social protection group that provides all types of cover:

complementary pensions for 15 million policyholders, 6 million preventative healthcare policyholders, health cover for 2 million, additional retirement savings plans and, in the very near future as a result of its merger with MATMUT, car and home insurance.

Prevention, which is a very broad area, is to be compared with the WHO definition of health: “Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity”. This concept is all the more important given that AG2R La Mondiale is a complementary health insurance provider whose mission is not to intervene solely in the reimbursement of healthcare costs, but to ensure that insured individuals are in good health. This involves some manipulation of the determinants of health, not only medical but also behavioural, such as levels of physical activity and diet, and even environmental factors such as housing, employment. etc.

Some insurers admit - which is not very virtuous - that they do not offer initiatives aimed at prevention out of fear that their customers will leave them for the competition. This clearly illustrates the connection between prevention and health expenditure. AG2R invests heavily in oral prevention as part of the social action undertaken by Agirc Arcco. The group also intervenes in certain professional areas such as diet, with measures to prevent bakers’ asthma, drudgery and diabetes. In short, there is an obligation, as part of the “high degree of solidarity”, a system put in place with the roll-out of complementary health services across the board, to allocate 2% of contributions to targeted prevention measures according to the occupational branch.

Given that the complementary health insurance market is increasingly regulated, value is to be found in areas other than healthcare products. On the one hand, this approach changes with an emerging demand for new services in the area of workplace risk prevention, the prevention of cardiovascular disease, the health risk of the 21st century, the need for care and geographical access to care. It also changes in response to an emerging offer of new services, such as certain applications and teleconsultation. The health market is moving away from a relationship between an uninformed patient and an all-knowing doctor to a situation where services - in particular digital services - move ahead in anticipation of the patient. If the patient is not ill, this advice help them avoid illness or, if they are already ill, allow them to better manage their illness and provide them with better guidance on their road to recovery. The aim of complementary healthcare providers is to become the preferred intermediary in this new market.

Roundtable no. 12: “How to promote employability in an ageing society faced with digitisation?”

Christine Fournier, Jean-Marie Dubois, head of studies, CEREQ

The increase in the legal retirement age to 62 years, combined with an increase in the contribution period required to benefit from a full rate, leads to an increase in the remaining on the labour market at older ages. This phenomenon is accompanied by a steady

increase in the unemployment rate of older people, most often of long duration. To keep older people in employment, the European Council, in the context of the "Lisbon Strategy" launched in March 2000, focuses on training, i.e. on the updating of skills, as part of the digital transition and the opening of the professional mobility for people over 45-50 years old.

A survey conducted by CEREQ in 2015 among a sample of 16,000 employees of private sector companies shows that the rate of access to professional training falls as age increases. However, this finding does not take into account the very significant gap between workers and employees on the one hand, executives and intermediary professions of the other. The latter are formed more than the formers to such an extent that a young workers are less likely to receive training than senior managers. In addition, the drop in the rate of access to training is earlier for the less qualified and effective from the age of 40 compared to 50 for the most qualified.

Overall, the workload, the cost of training and the employer's refusal emerge as the main obstacles to training, but distinctions emerge according to the age of the employees. Not only do senior employees receive less training than their younger counterparts, but they are also less likely to express training wishes. In addition, the share of employees who have made one or more requests for training follows the same unequal trend as the expression of training wishes and effective access to training. While the wish to be trained reflects the different needs and professional aspirations of the employees, making a training request is more a matter of tacit practices and rules or explicit, implemented in companies and internalized by employees. As a result, the seniors do not request training because they anticipate a refusal from their employer, reluctant to finance training for the most advanced employees in working life.

Today, the training designed to keep older people in employment is still very high, far from the ambitions declared by politicians. The objectives of the training are mainly on efficiency in work and little on developments in employment, professional retraining, especially for seniors. However, they are increasingly expressing the fear of losing their jobs, especially among low-skilled seniors. Looking at the benefits reported by employees following training, the vast majority say they have improved their skills, unlike seniors who implement less often what they have learned.

If we accept the idea that training can be a mean of consolidating the professional situations of older people, then a preliminary effort must be made to enable them to consider the training as a possible way to deal with the employment difficulties they face. Informing would be useful, particularly among the less qualified, so that they have a different view of the potential contributions of training, a prerequisite for their commitment, which also presupposes that the employer does not hinder their project. Previous work has shown that training must be anticipated before the age of 50, particularly due to the digital transition. In its classic form, training does not seem to be adapted to the profiles and needs of older people, who are very far from their school careers, unlike the forms of work integrated learning, which could be much more effective and interesting for employees with long experience. To

conclude, examples from Northern European countries tend to show that training is all the more effective in retaining older workers because it is part of a company's general policy to keep older workers in its workforce.

Olivier Poncelet, General delegate, Fédération de la formation professionnelle (FFP) ;

Public policies aimed at training are developed according to different strata with successive ambitious reforms. Since the Delors Law, the “pillar law”, was passed in the early 1970s, 10 to 15 reforms have been made, the most recent of which was in 2014 and the next of which is currently being debated in parliament. Training has always been at the heart of the political agenda.

The risk to be avoided is that of again thinking of silos, of saying that systems are specific to seniors. The issue is much broader. The aim is to make training a tool at the heart of the learning society as part of an approach that is both individual and collective. Such is the acceleration of technological progress that technical skills very soon become obsolete. In a digitised society, the issue relates to transverse skills, “soft skills”, which provide added value to automation and robotisation. Behavioural skills allow individuals to escape this funnel. These skills are technical skills that allow individuals to evolve, to be part of an approach to ensure greater mobility, and to use professional gateways. And yet, the French system remains very focussed on technical skills since financing mechanisms are regulated and defined according to professional branches that, in essence, emphasise technical skills.

The second priority is to move away from a perception of professional training as a cost to a perception of training as an investment. The French system is founded on a tax obligation for businesses and is sustained more than desired by employees. The individual right to training, which was created in 2014, is a step in the right direction but given that it is disconnected from the status of the business it remains difficult to access. This must be changed. The third priority is to reconcile the approaches based on competitiveness and employability. The individual account could prompt an inverse approach, a back-testing of the professional skills required by businesses. The last priority is to encourage informal training in the face of a system that, based on the school system, is face-to-face and based on the unity of time, space and action. Digital technology can allow “blended learning”, which combines face-to-face instruction and distance learning. This form of learning was not permitted under regulations until after 2014.

To meet these four challenges, work must be done on several levels. On an individual level, the personal training account, with the reform currently in progress, will provide each individual with 500 euros per annum for training (800 euros for the least qualified individuals). This very clear matching choice represents a sort of professional capital, like human capital, housing etc. It would then be a good idea to apply a tax incentive to this personal account to resolve the issue of the co-payment. In short, separate approaches must be articulated with the needs identified by the businesses, regions and the State that contribute to this account. Businesses, for their part (except for the very largest, which are very organised),

must replace their financial and administrative approach with a learning organisation. Until now, their main concern has been to recover the funds compulsorily paid to the State. Once this contribution has been reduced, these businesses can put their professional skills at the heart of their strategy and governance. Again, informal training responds to their constraints as “reverse mentoring”. In short, the State must simplify the regulatory framework and be in a position to encourage access to training, rather than restrict it.

John Martin, former Director for Employment, OCDE.

Today, a senior employee is no longer aged between 55 and 64, but between 55 and 74. This is what employment markets in the OECD have taught us, an upward trend in early retirements that dominated the four decades after World War II. For some 20 years, the rate of employment among within the OECD and the EU has risen. This is good news in relation to the ageing of populations. France has been an exception, with much lower employment rates (less than 7% for people aged 65-69 and just 3% for those aged 70-74).

What are the dynamics at play behind this increase? One is the rate of retention, the time spent by a senior citizen at the same company, while another is the rate of recruitment. While there has been an increase in the former, the latter still lags behind, which is not as good news.

The OCED has conducted a survey, spanning 38 countries, on the literacy skills and digital skills of senior citizens aged 60 to 64. Figures show that one-third of respondents who agreed to take this test obtained the correct results. On problem resolution, the oldest workers are less adroit with digital technology than younger workers, with substantial differences between countries, with Nordic countries doing much better than the United States.

How can senior citizens and their employers be encouraged to invest in training? Surveys conducted by CEREQ indicate that this is not a real issue for them, that the most significant investment is aimed at workers aged 35 and under, falling thereafter except in the Netherlands. In short, there is a perverse effect on access to training, which is much easier for some throughout their careers.

In terms of training, a good coalition between trade unions, employers and employees would be a good move, as illustrated to very good effect in Nordic countries. On the other hand, it is more a question of time than of finances. Mid-career, an ideal time to pursue training, workers most often encounter constraints in their schedules that prevent them from making full use of their individual training account. The solution could consist of financial incentives; however, the priority remains to encourage those with the least training by showing them that they have everything to gain from training.

Claudia Costin, Director, Center for Excellence and Innovation in Education Policies (CEIPE)

One of the sustainable development goals approved by 114 countries in September

2015 is inclusive, quality education for all and to promote lifelong learning. By 2030 all boys and girls should have access to equitable, free, quality primary and secondary education, an outcome which will have a major impact on learning, in connection with the labour market.

While quality education should be provided from a very early age, soft skills and behavioural skills must be mastered by as many adolescents as possible, since they are a passport to employment, autonomy and independence.

The future does indeed pose challenges, especially for developing countries: automation and robotisation in particular. According to some forecasts, 2 billion jobs will be lost as a result of these technologies. Only education and training will enable individuals to cope with such change. On the other hand, the developing world is seeing its demographic dividend decline without being offset by an increase in productivity. This has stagnated at very low levels in a number of countries, including Brazil. And yet, the correlation between productivity and the level of educational attainment is well-known.

How can we make education change? Faced with robotisation, individuals need what renders them human, to be able to collaborate to resolve the problems posed by the modern world. Teaching should evolve to include use of the platform provided by technology, with curricula to be flexible by emphasising the main interests of students rather than an encyclopaedic syllabus, mathematical reasoning, historical analysis and critical thought. Education also involves the acquisition of social and emotional skills, learning how to be independent and citizenship.

Facing the future and robots amounts to cultivating emotional intelligence and empathy, qualities that make humans human. It is also tantamount to cultivating digital skills and creativity, which have become essential, as well as cooperation and the autonomy required to learn throughout one's life, i.e. to learn how to learn.

My dream is a school where everyone can learn, where excellence is within reach of everyone, and where knowledge is not fragmented. A school that is integrated into society, one that leaves no one behind. A school where students and teachers work together, a school that teaches the values and attitudes required to be a "citizen of the world".

Pradeep Kumar Choudhuri, Professor of economics, Université Jawaharlal Nehru

In India, the economy is experiencing rapid growth that seems to have brushed the concept of well-being aside. Developing countries have priorities when it comes to health, such as reducing infant mortality and improving maternal health. They must also address a rapid ageing of the population. Does the training given to doctors in India address these issues?

In India, the weight of history is such that education in the area of medicine is less well-known. 30% of Indian students now study at private universities, with more than 30% of doctors graduating from these universities. In other words, the difficulty in addressing this

question on a national level is due to the absence of data on this private medicine. In India there are seven doctors per 10,000 people, only slightly more than in Bangladesh.

Combining the growth of medical education and the regional distribution of universities in part explains the absence of geriatric skills. Between 1950 and 2014 the number of universities in India rose from 28 to 385, with capacity for 55,000 students. And yet the main difference lies in the share of the private sector, which has grown from 3.6% in 1990 to 54.3% today. This preponderance of private operations implies very significant costs (capitation costs) and explains the unequal distribution from one region to another, as well as the typology of doctors who graduate from these universities.

The regional distribution shows that four states in the south and west account for one-fifth of the population and half of all medical universities. Meanwhile, ten states in the east and north, home to 45% of the population, have no more than one-quarter of medical institutions. The growth of the private sector benefits developed regions in such a way, with a number of important high-level experts who have spoken of over-medication in some states. The availability of doctors is also a source of great regional inequalities on a state level, but also between villages with no access to these doctors. In the south of Jharkhand, there are 1.3 doctors per 10,000 people, while in Goa there are 17 per 10,000. There is a clear correlation between the availability of doctors and the number of universities.

In term of demographics, the distribution of specialist doctors, geriatricians and others does not meet the expectations of the population. Between 2005 and 2013, private universities trained many specialists at the expense of general practitioners. Health policies, for their part, have sought to minimise the gap between rural and urban areas. However, the results of these policies have not yet been borne out in the statistics. With regards to the quality of education, in India the growth and quality of private services are regulated by a Medicine Council. And yet, it rarely plays its role as regulator any more. One report - a report that condemns the redundancy of medical universities - has not been heeded.

The private sector does not address the critical problems India is experiencing in terms of care. If it is not regulated, it will continue to expand in training, education and learning, with all of its associated inegalitarian effects.

Conclusion

Jean-Hervé Lorenzi, Chairman of TDTE

The Aix meetings this year, in particular through the voices of Patrick Arthus and Robert Shiller, have shown how difficult - even impossible - it is to think about the world in which we live. This inability to foresee the near future has resulted in economists adopting a humbler approach in the face of what one could call a “cluster of metamorphoses”. They have also informed us that pessimism is not the product of a few disgruntled people, but rather was to a large extent shared by the 250 participants in areas such as debt, inequality, territorial

divides, health and immigration. Among the metamorphoses cited, ageing, the fact that the average age of a population tends to rise, plays a major role that we can no longer address with the intellectual tools of what is now called the “old world”. We are invited to meet a new intellectual requirement.

Another recent event from which lessons must be learnt is the speech given by President Macron to Congress. In this very long speech, he gave pride of place to this idea, according to which social protection should remain in place but whose effectiveness and fairness depended on the greater responsibility exercised by individuals in their participation in the system, both as contributors and as beneficiaries. On the other hand, implementing reforms at a faster pace requires the exercise to be successfully completed, which is far from simple. All researchers in the area of social protection and ageing face this challenge of knowing what position to adopt, support or caution against vis-à-vis these reforms. The fact remains that we struggle with a society containing four generations, which can result in tensions between the generations.

In short, the concept of well-being developed by François-Xavier Albouy - that of social activity at all stages of life - opens up a new field of analysis. A society guided by such a notion is inclusive; it leaves no one behind and does not allow anyone to feel as if they are of no use.