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THE GROWING INTERGENERATIONAL DIVIDE IN EUROPE

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Highlights

- During the economic and financial crisis, the divide between young and old in the European Union increased in terms of economic well-being and allocation of resources by governments. As youth unemployment and youth poverty rates increased, government spending shifted away from education, families and children towards pensioners.
- To address the sustainability of pension systems, some countries implemented pension reforms. We analysed changes to benefit ratios, meaning the ratio of the

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2. As also highlighted by
Begg

favour the young and future generations. In general, a successful reform should increase sustainabilityn t nn ue e
s

3. From an intergenerational perspective, the public-private mix in pension schemes is not an issue *per sé*, if appropriate regulation obliges the collectively privately funded schemes to integrate an intergeneration risk-sharing element in their set-up (Schokkaert and van Parijs, 2003).

4. These numbers are taken from the European Commission Ageing report (2015 and 2009); see Table 2 in the annex.

5. The information in this box draws on Schokkaert and Van Parijs (2003) and Myles (2002). Vandebrouke and Rinaldi (2015) discuss shortly the limits of the Musgrave principle.

6. The benefit ratio also
varies because o

7. In 2013, the European Commission called for giving all young people up to age 25 continuing education, an apprenticeship or a traineeship within four months of leaving formal education. This could foster the establishment of vocational training programmes and policies that help young people to find jobs

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