

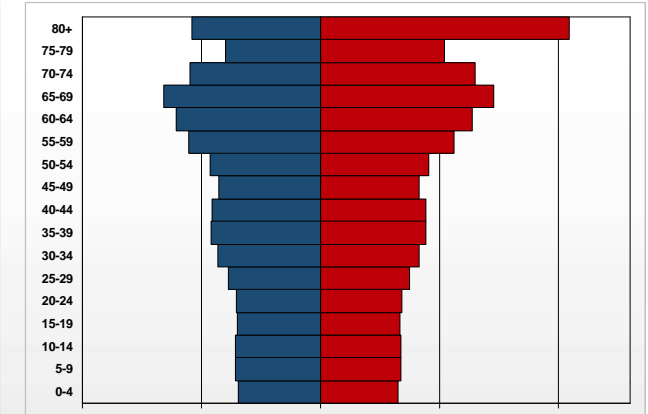
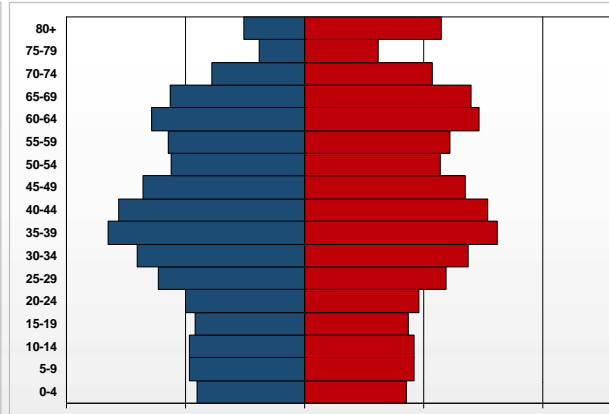
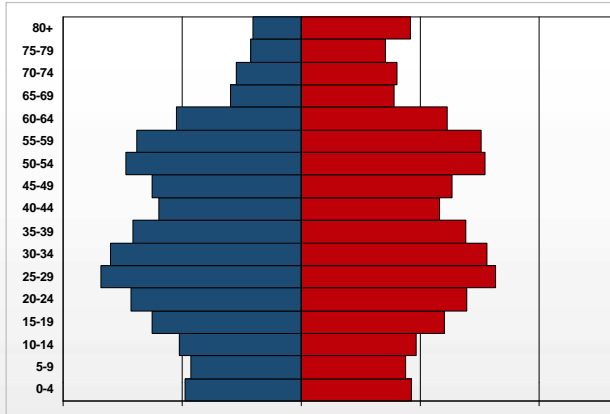
# Policy challenges in Germany and Poland: “SHARE: 50+ in Europe”

Michał Myck

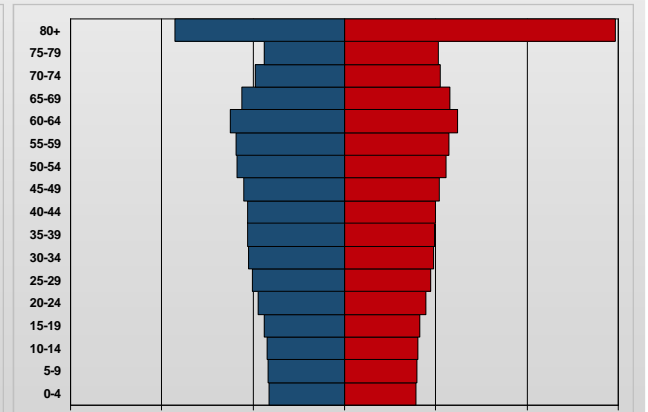
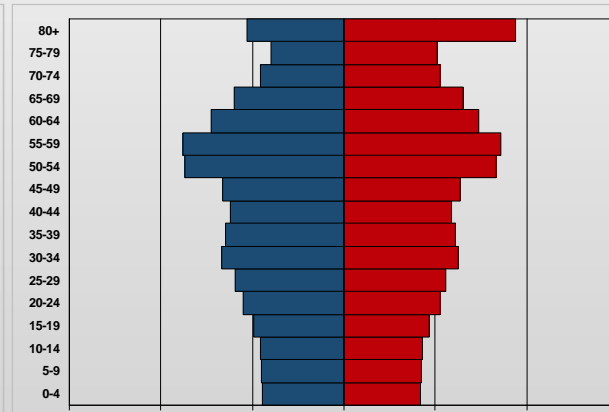
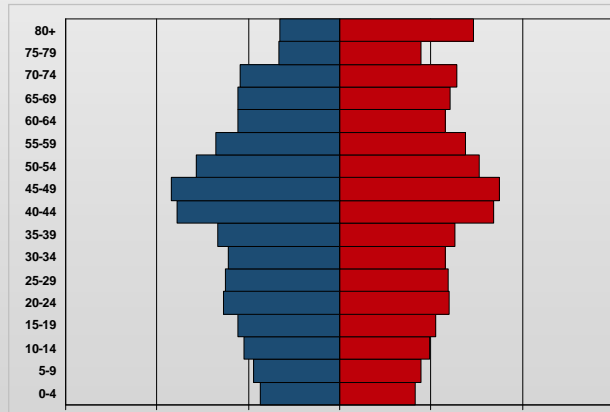


# Demographic background: Population pyramids: 2010, 2020, 2050 (male/female)

Poland:



Germany:



## Outline:

- Labour market challenges. Extending working lives:
  - system requirements;
  - interplay between demand and supply of older workers (“making work pay”, employment quality, skills and productivity).
- Healthcare system challenges. Healthcare costs:
  - healthcare quality and effectiveness of treatment;
  - life style and healthcare costs;
  - long-term care.
- Health and the labour market:
  - healthy people work longer and earn more (feedback effects, e.g.: *Haan & Myck, JHE, 2009*).
- Health and labour market outcomes crucial from the point of view of the success of retirement system reforms and sustainability of public finances.

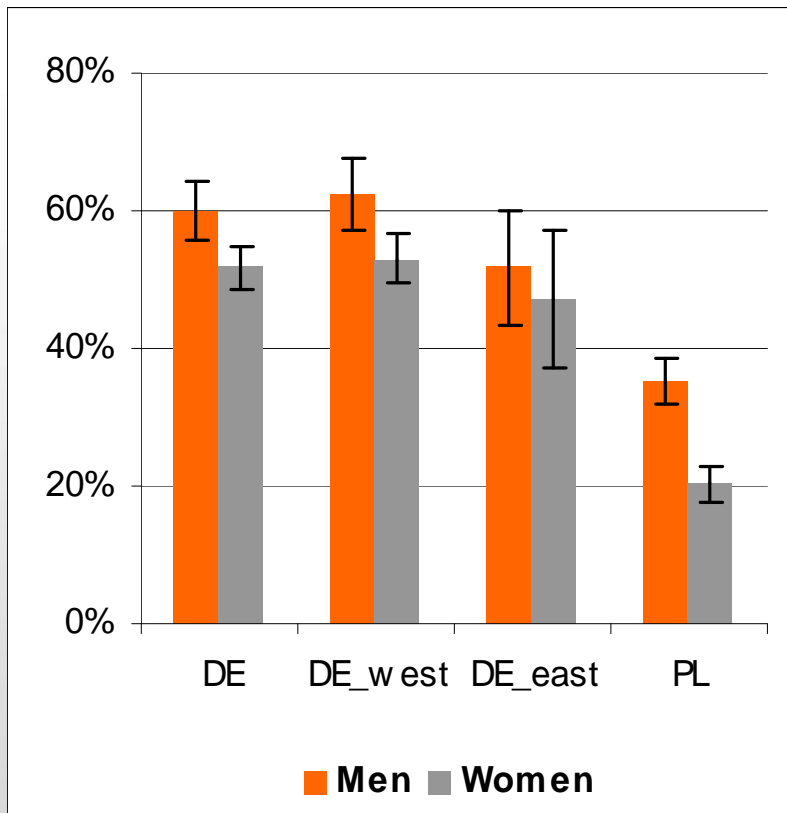
## Background for policy challenges:

### The west-east gradient

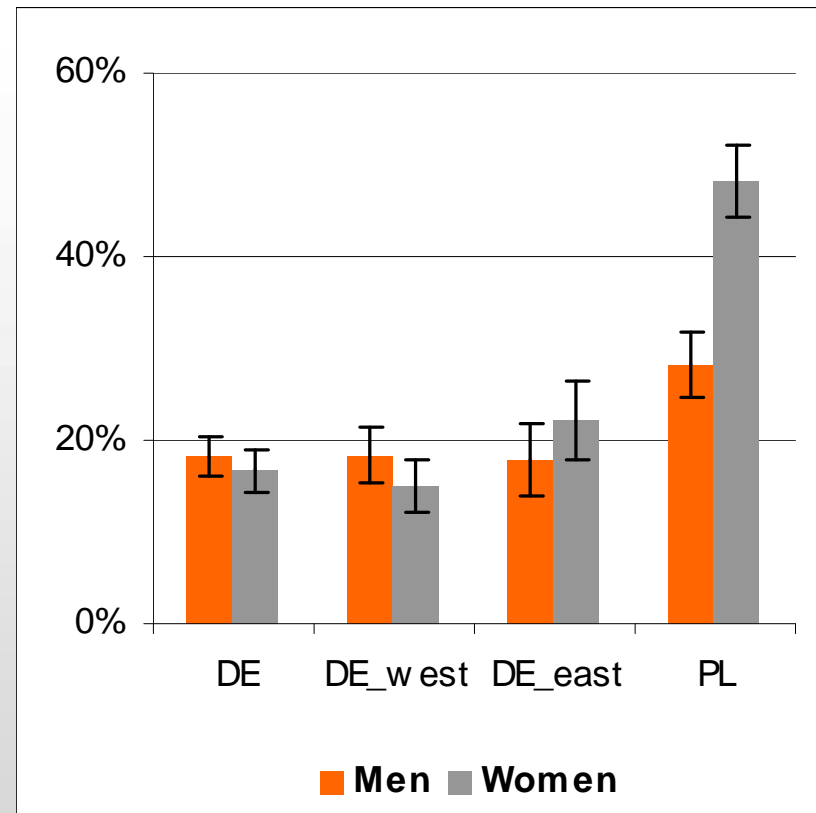
- Labour market challenges:
  - employment rates, quality of work, work assessment;
  - early retirement as escape route from labour market.
- Healthcare system challenges:
  - health significantly worse in Poland;
  - signs of poor quality of healthcare;
  - mental healthcare in Poland.
- SHARE: 50+ in Europe: first two waves of data collection in Poland:
  - 2006/07 (baseline), 2008/09 (SHARE-Life);
  - values controlling for differences in age and gender structure;
  - More information: [www.share-project.org](http://www.share-project.org) and [www.cenea.org.pl](http://www.cenea.org.pl)

# Work and retirement, 50-64:

## Employment and retirement rates



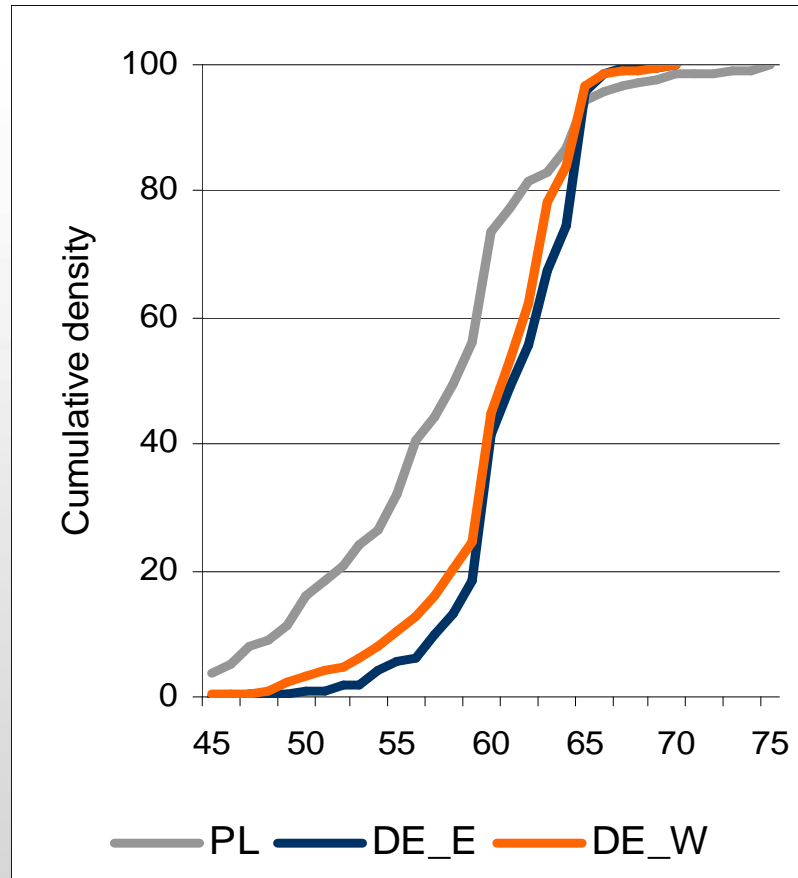
Employed/Self-employed



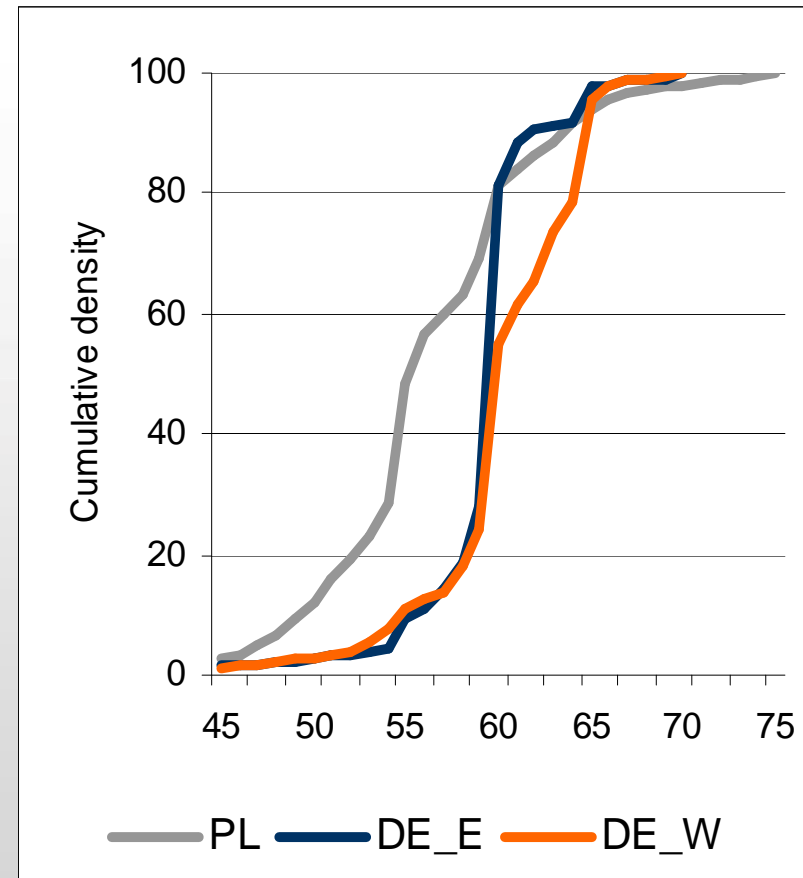
Retired

Source: Calculations using SHARE wave I and II data.

## Retirement age of current retirees:



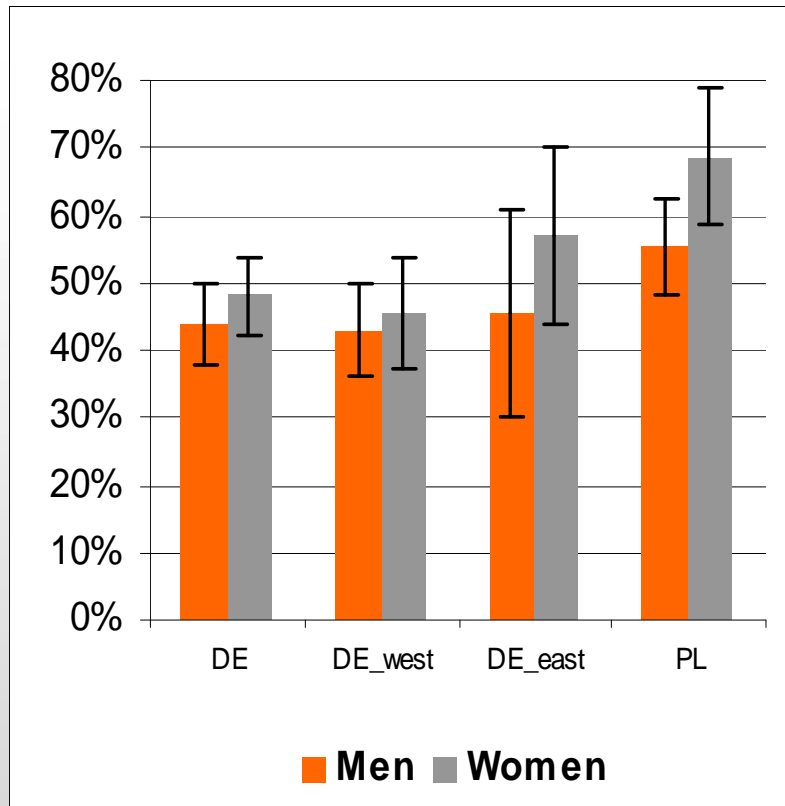
Men



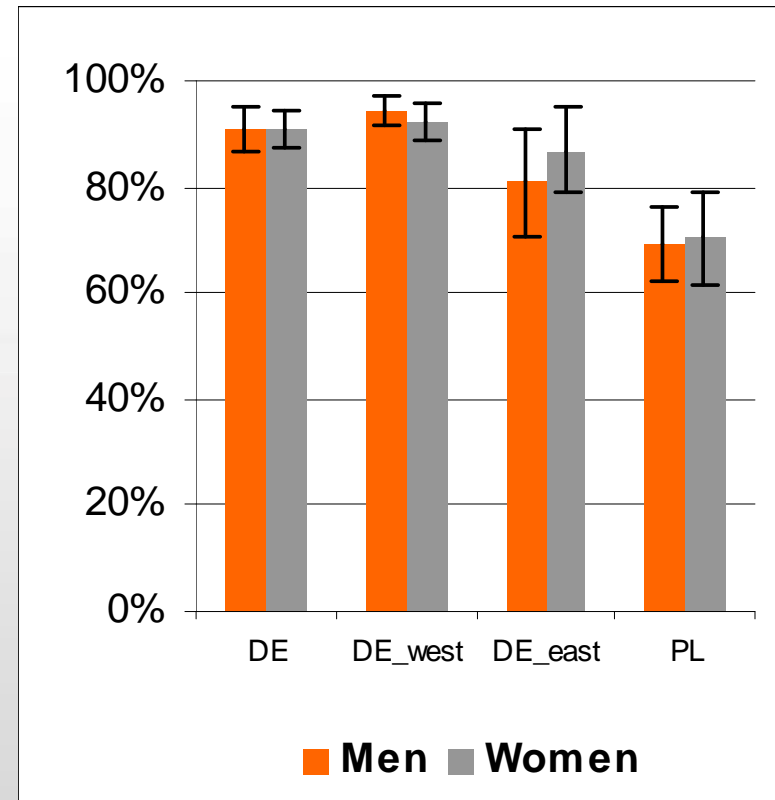
Women

Source: Calculations using SHARE wave I and II data.

## Work and retirement, 50-64: Is work attractive?



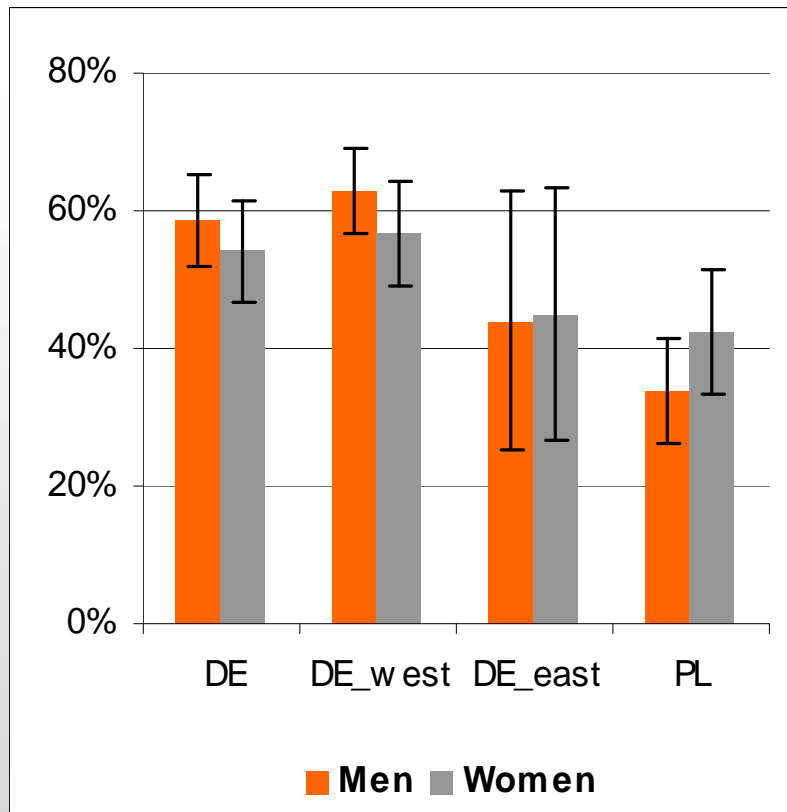
**Wants to retire as early as possible**



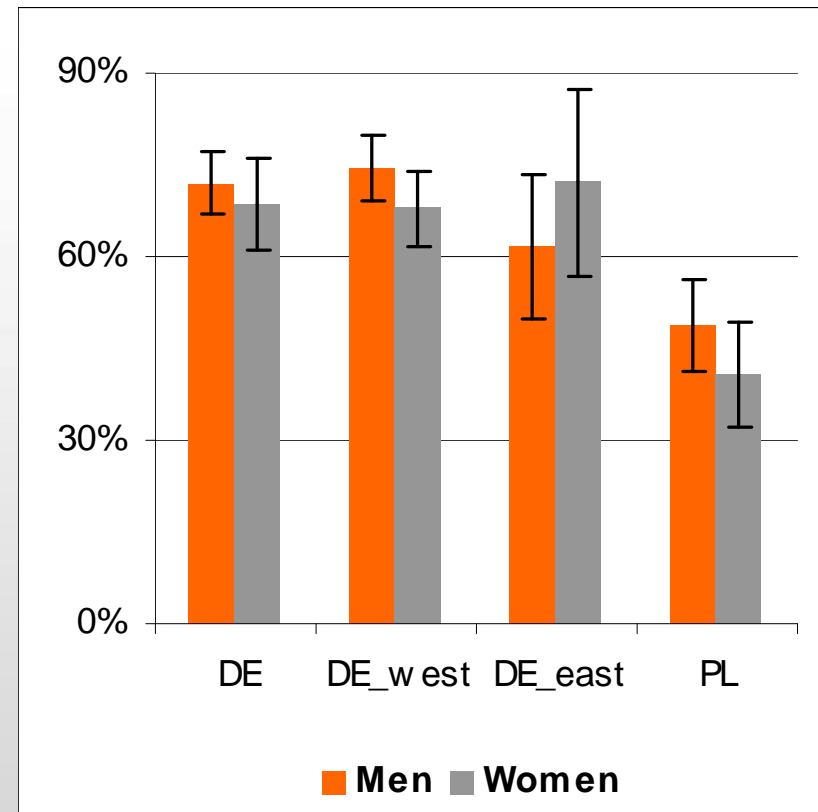
**Employees with permanent contract**

Source: Calculations using SHARE wave I and II data.

## Work and retirement, 50-64: Is work attractive?



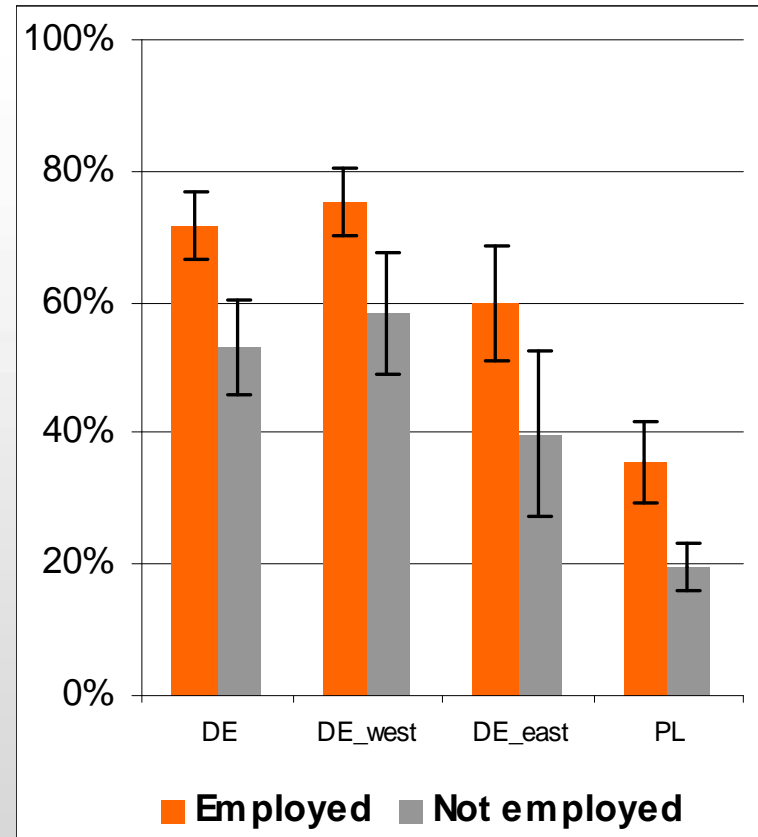
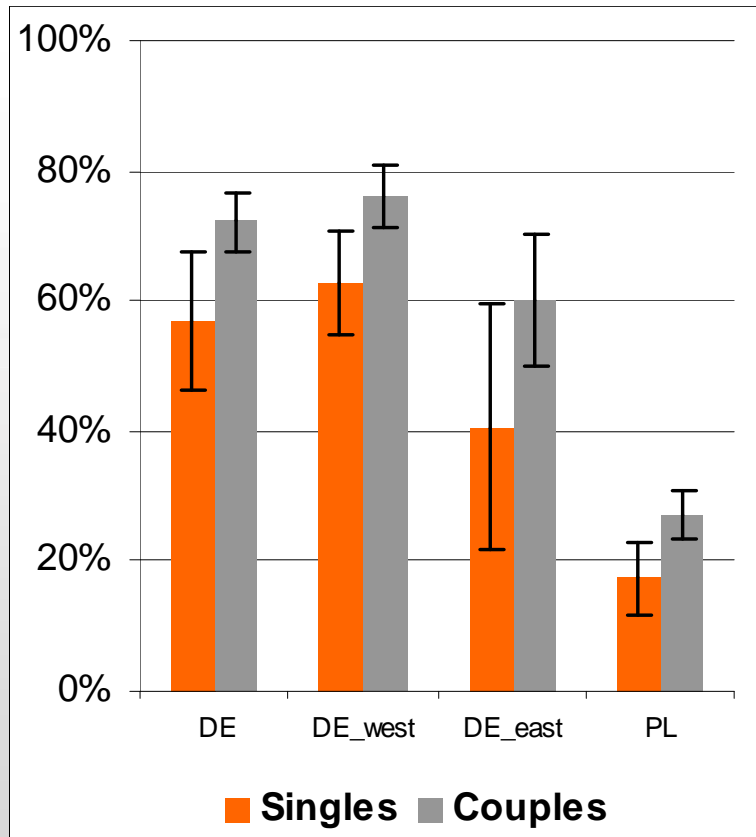
Salary/pay is adequate



Opportunity to develop new skills

Source: Calculations using SHARE wave I and II data.

## Work and retirement, 50-64: Work and assessment of financial situation

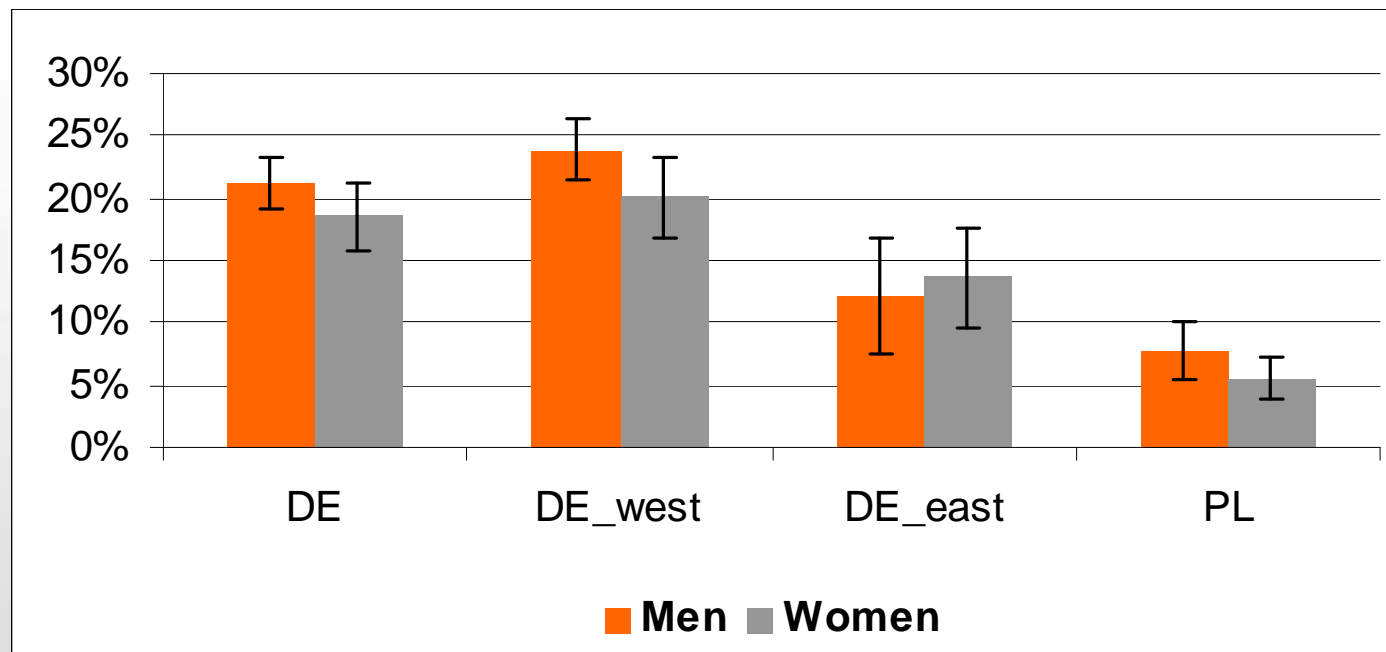


Find it easy or fairly easy to make ends meet

Source: Calculations using SHARE wave I and II data.

## Health of the 50+:

- subjective health assessment:

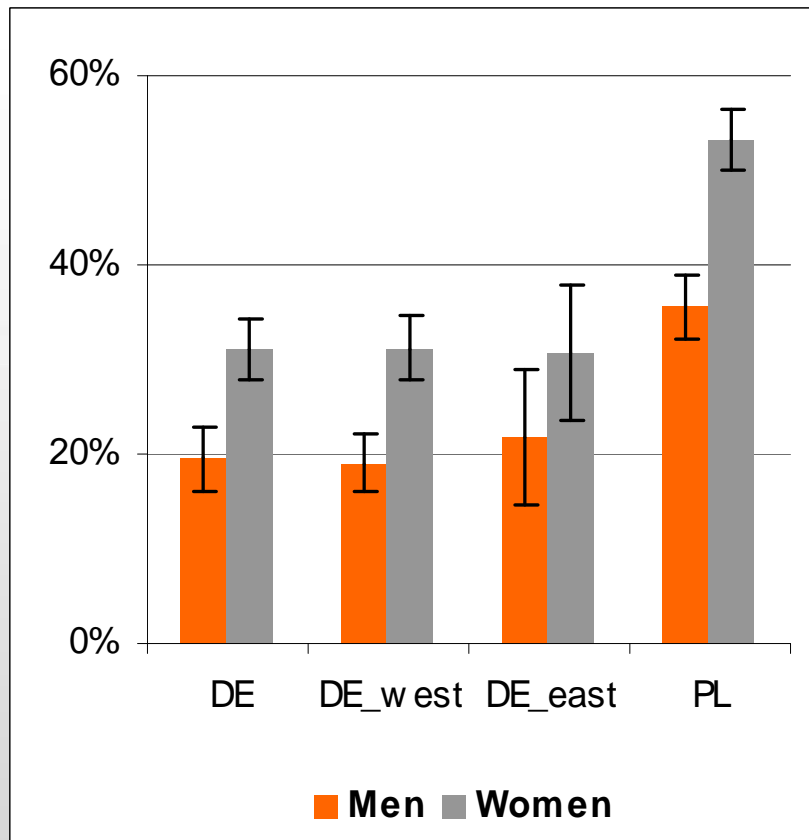


**Self-assessed health status:  
Proportion in very good or excellent health**

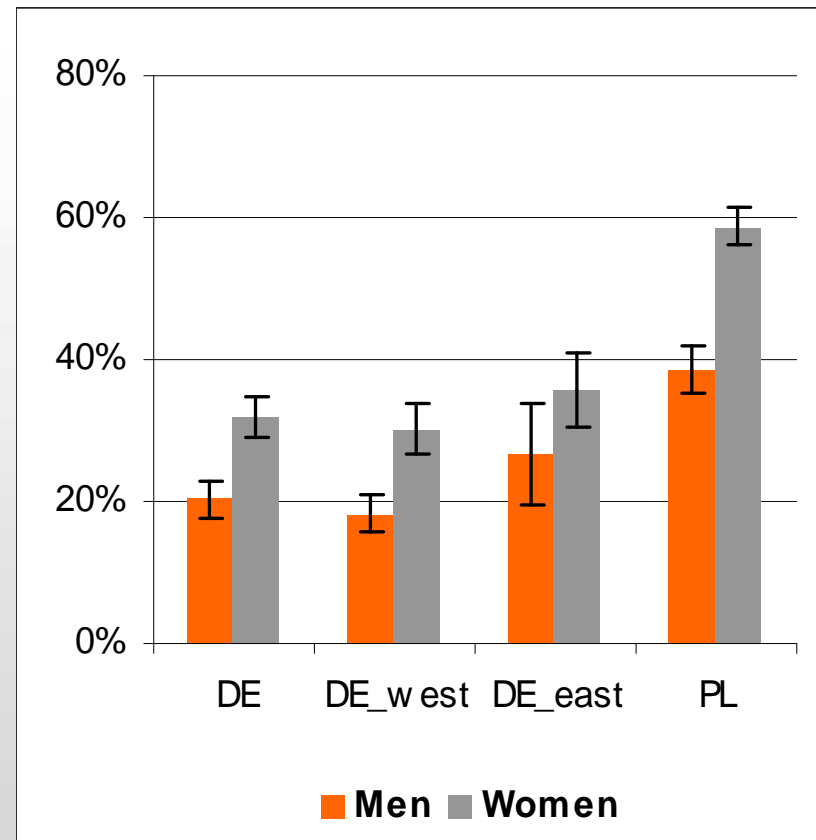
Source: Calculations using SHARE wave I and II data.

# Health of the 50+:

## Symptoms of poor health and limitations in ADL



3+ symptoms of poor health

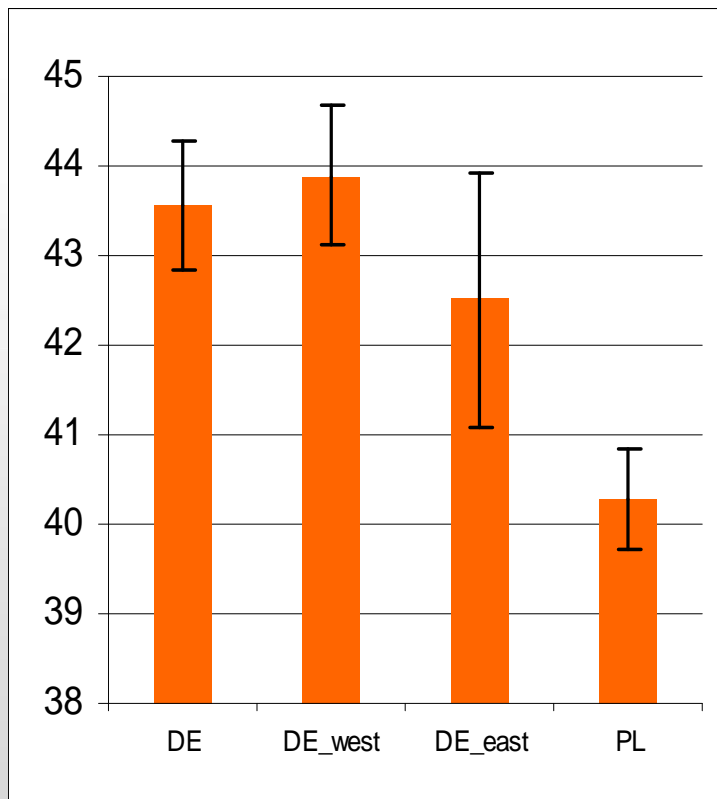


3+ limitations in ADL

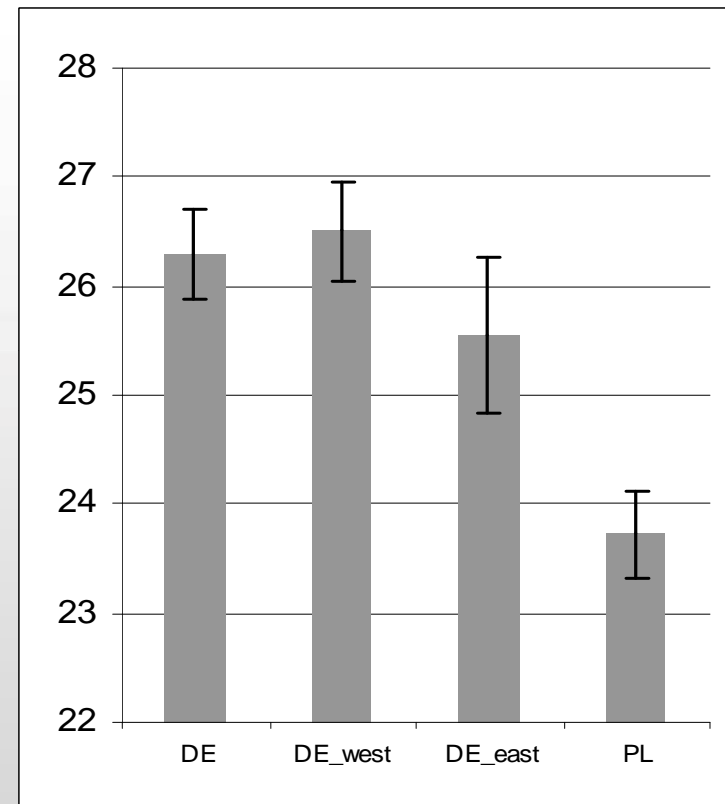
Source: Calculations using SHARE wave I and II data.

## Health of the 50+:

- objective health measures: grip strength (adjusted for height and weight)



Grip strength (kg): men

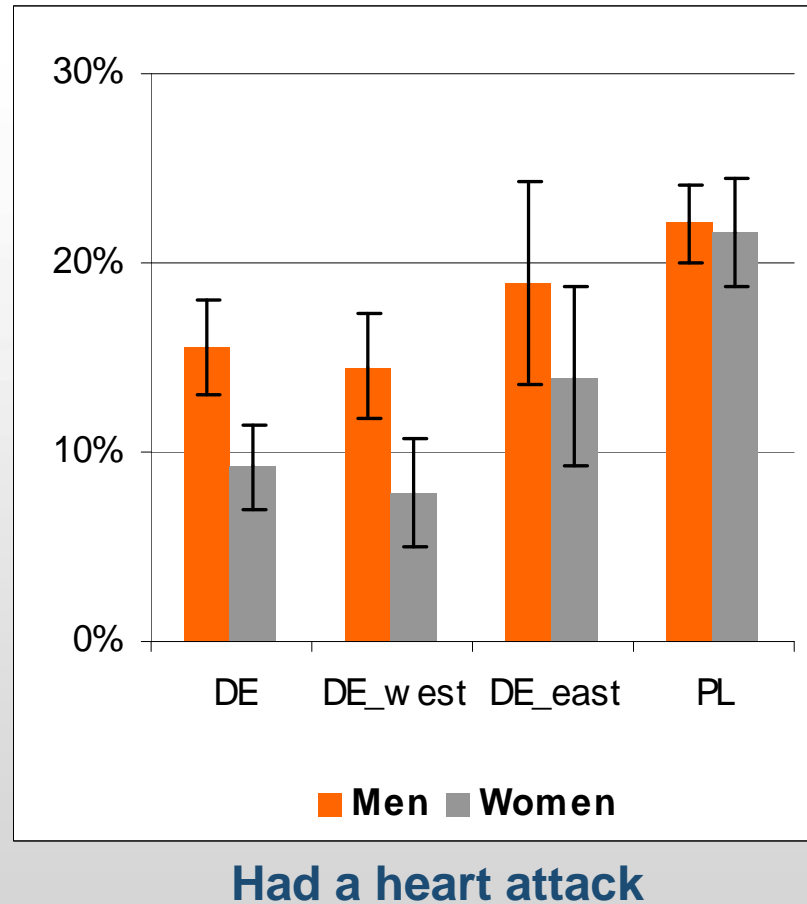


Grip strength (kg): women

Source: Calculations using SHARE wave I and II data.

## Health of the 50+:

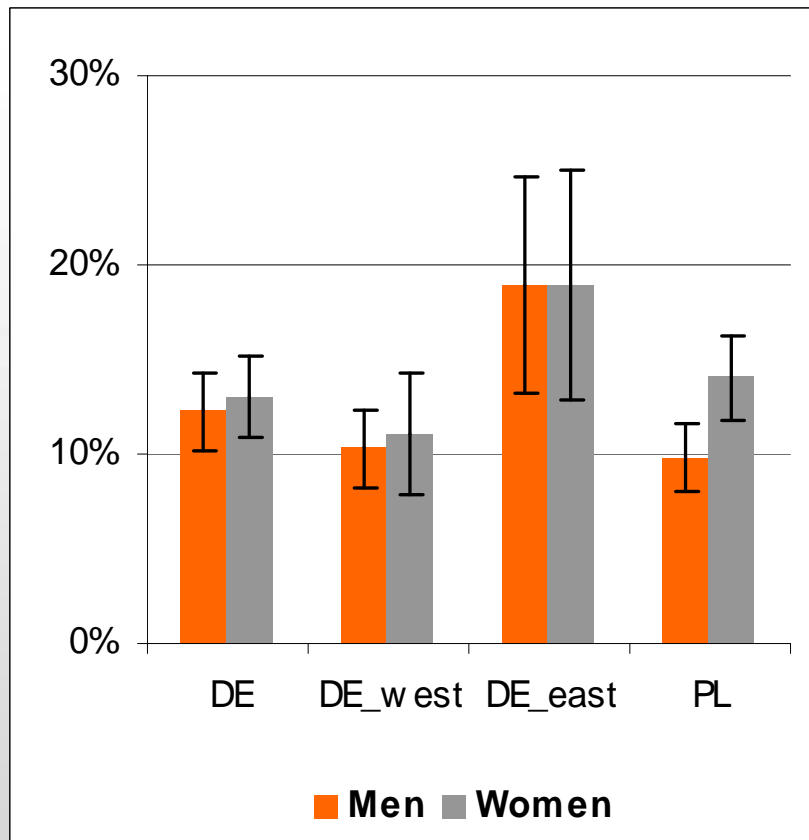
- objective health measures: heart attack



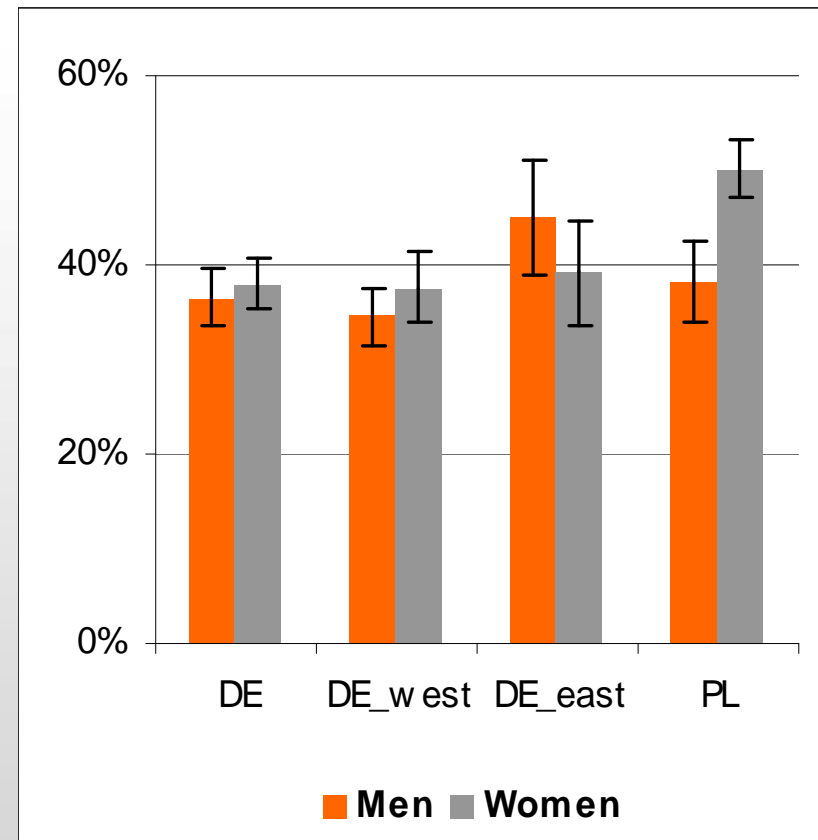
Source: Calculations using SHARE wave I and II data.

## Health of the 50+:

### Health and healthcare – the role of diagnosis and treatment.



**Diabetes**

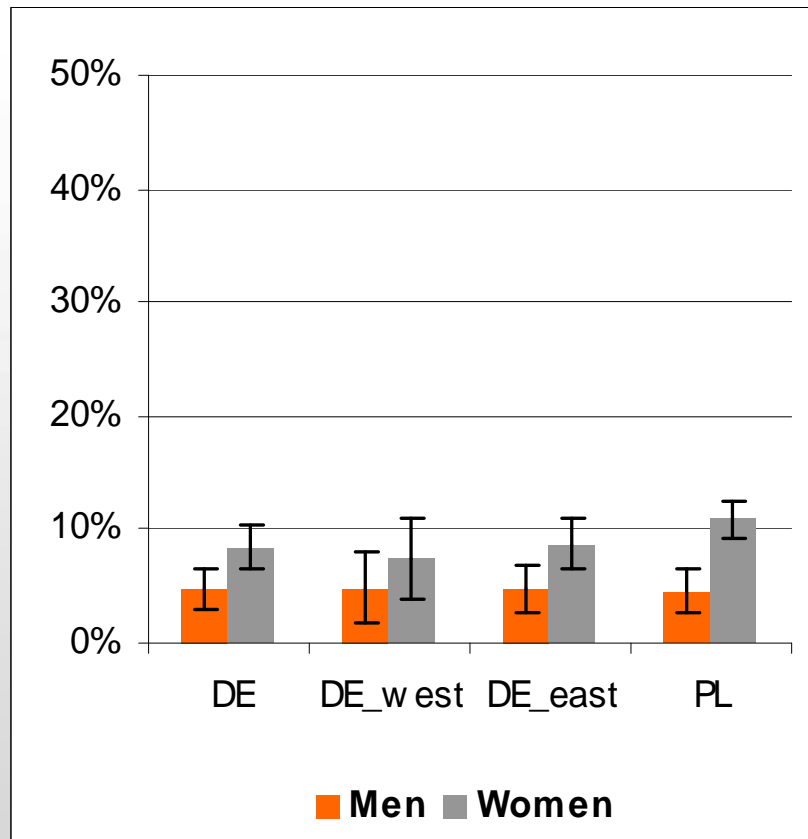


**High blood pressure**

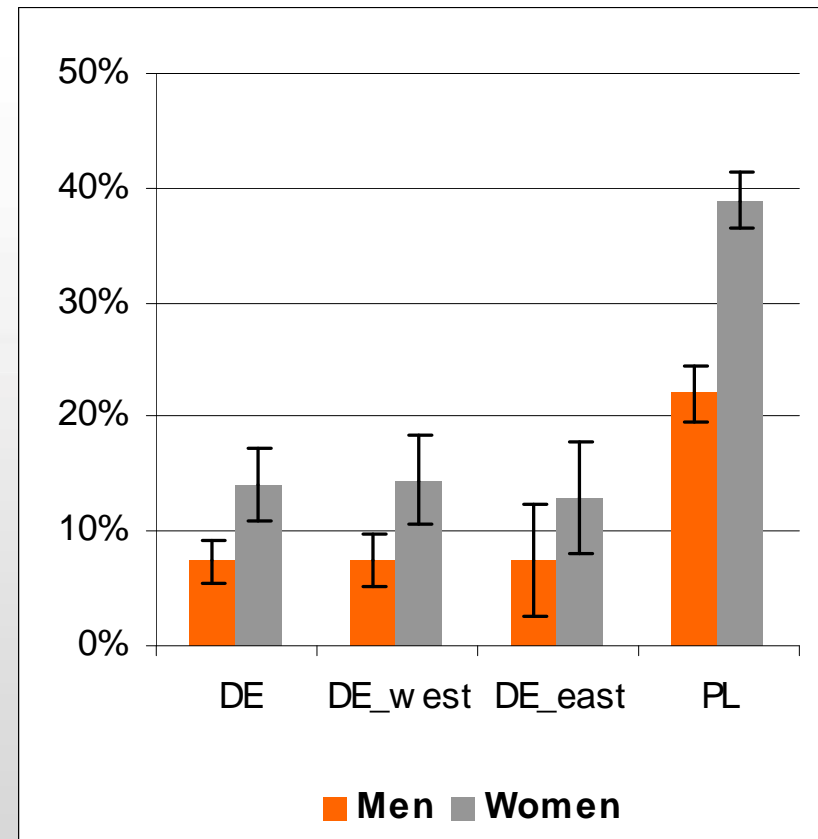
Source: Calculations using SHARE wave I and II data.

# Health of the 50+:

## Mental health: depression



Ever treated for depression

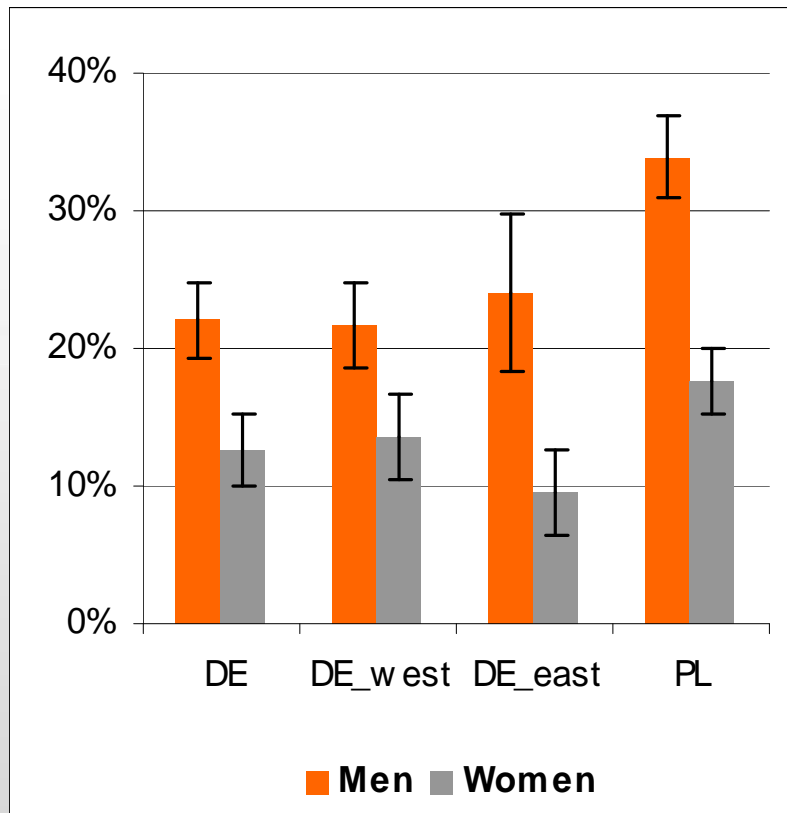


5+ symptoms of depression

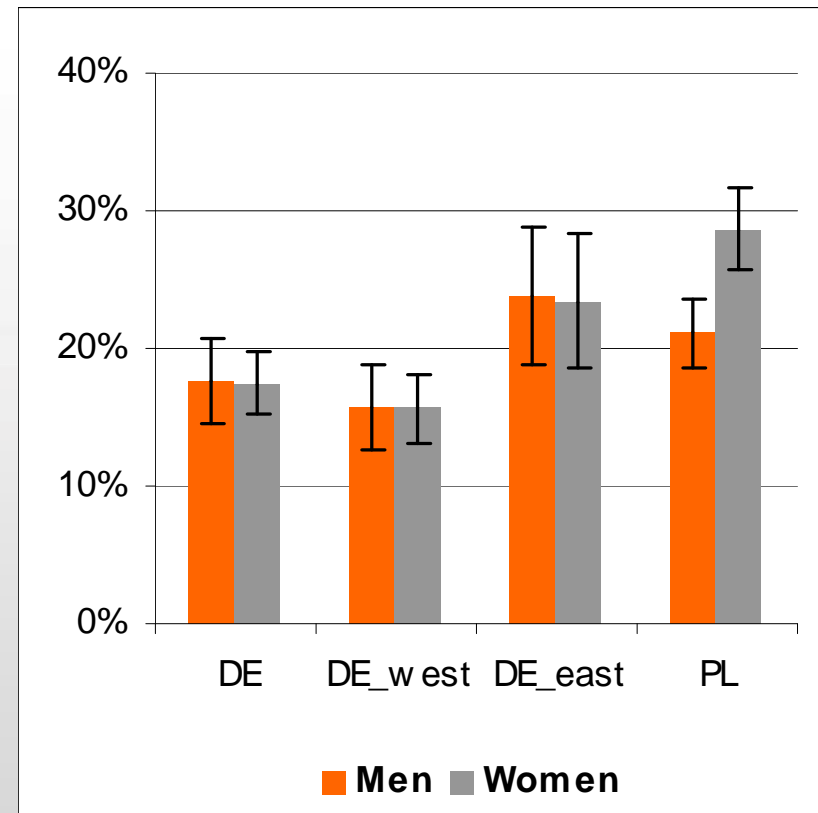
Source: Calculations using SHARE wave I and II data.

# Health of the 50+:

## Life style: smoking and obesity



Smoke currently



BMI>30 (obesity)

Source: Calculations using SHARE wave I and II data.

## Labour market and health outcomes: summary

- The west-east gradient in labour market and health outcomes:
  - labour market activity, job satisfaction, job stability;
  - financial situation;
  - subjective and objective health measures.
- Signs of worse healthcare quality/awareness in Poland:
  - illness identification;
  - life-style of the 50+.
- How important is health for labour market outcomes?

## Work and retirement, 50-64: What correlates with employment?

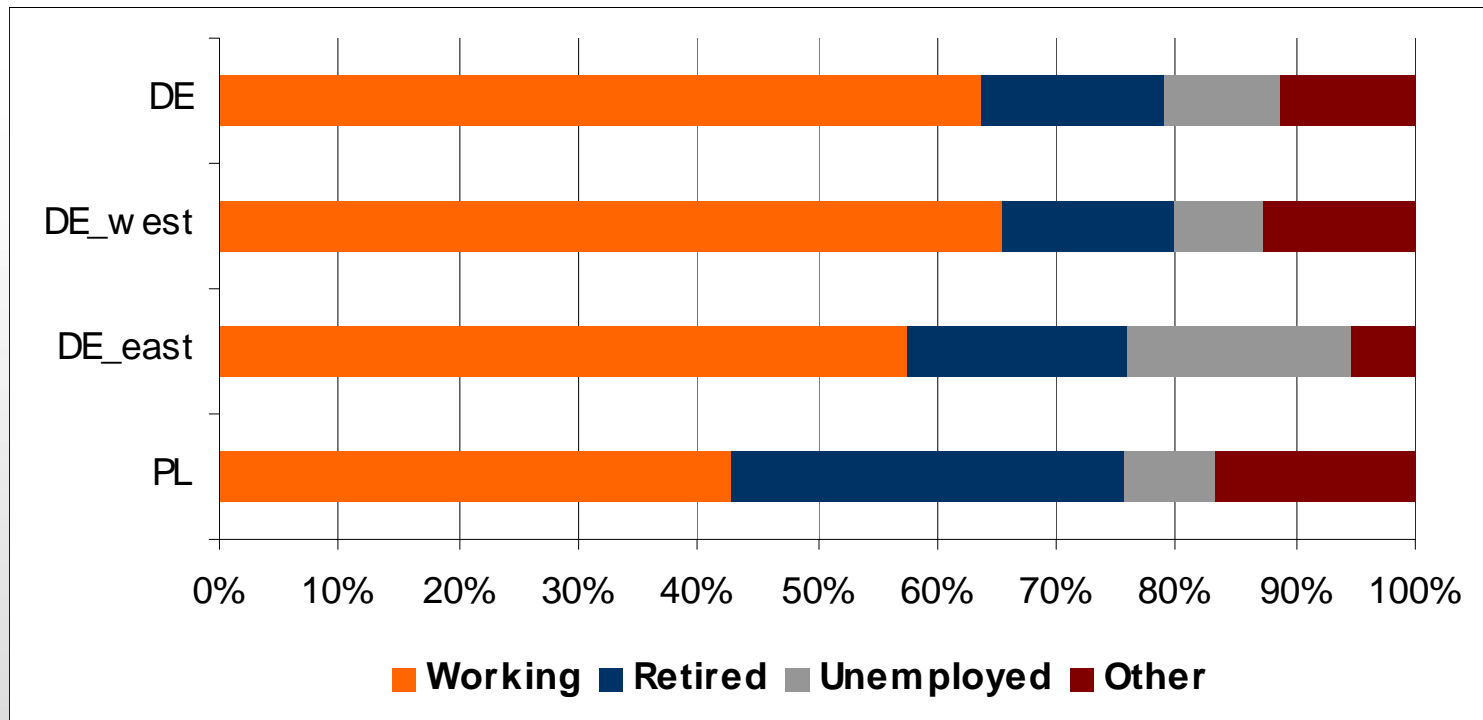
	Poland			Germany		
	ME	St.err.	Sign.	ME	St.err.	Sign.
Age	-0.050	(0.004)	***	-0.047	(0.005)	***
Female	-0.129	(0.027)	***	-0.095	(0.036)	***
Marital status	0.089	(0.028)	***	-0.016	(0.046)	
Years of education	0.017	(0.005)	***	0.035	(0.006)	***
<b>Health variables:</b>						
3+ symptoms of poor health	-0.053	(0.031)	*	-0.002	(0.048)	
3+ limits in ADL	-0.150	(0.030)	***	-0.240	(0.055)	***
Diabetes	-0.112	(0.041)	**	-0.176	(0.073)	***
Heart attack	-0.072	(0.036)	*	-0.124	(0.082)	
East-German dummy				-0.094	(0.043)	**
Num.obs.	1329			1239		
PseudoR2	0.29			0.19		

Probit estimation, (ME) marginal effects. Significance levels: \*\*\*  $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$

Source: Calculations using SHARE wave I and II data.

# Health and employment: underused capacity

Labour market status among 50-64 *without any functional limitations*



Health matters but differences in health do not tell the whole story as far as the labour market is concerned.

Source: Calculations using SHARE wave I and II data.

## Conclusions:

- Key policy challenges:
  - Labour market – extending working lives:  
improvements in employability of 50+ (skills/productivity, age discrimination); job quality, job security, financial incentives, reducing labour market constraints (labour demand factors and health).
  - Health – improvements in welfare and reduction in future costs:  
improvements in healthcare (diagnosis and prevention), increased health/life-style awareness.
- Potential effect of pension system reforms:
  - financial incentives on the labour market;
  - health as individual investment in productivity (*Grossman, 1972*).
- Therefore: many parallel challenges which can contribute to the success of the pension system reforms in the long run.

## Conclusions and background for panel discussion:

### Pension reforms in Poland and Germany

#### – achievements, failures and the future.

- PART 1: Specific issues on pension reforms. Brief assessment of:
  - specific steps of reform implementation;
  - financial sustainability vs. adequacy of future retirement incomes;
  - major risks for the medium term success of the reforms.
  
- PART 2: General points for discussion:
  - what labour market reforms should accompany the retirement system changes;
  - can improvements in health and healthcare in DE and PL contribute to better labour market outcomes and thus stability of retirement systems?
  - should health policy be higher on the agenda of economists?