Demographic challenge and solidarity between generations

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The Committee on Employment and Social Affairs adopted the own-initiative report by Thomas MANN (EPP, DE) on the demographic challenge and solidarity between generations.

The report recalls that according to the Commission's estimates, demographic changes could profoundly change population structure and the age pyramid. The number of young people aged 0 to 14 would drop from 100 million (1975 index) to 66 million in 2050, the working population would peak at 331 million in about 2010 and thereafter decrease steadily (to about 268 million in 2050), while, with life expectancy rising by 6 years for men and 5 years for women between 2004 and 2050, the number of people over 80 would rise from 4.1 % in 2005 to 11.4 % in 2050.

Underlining that the functional cooperation between the generations depends on the basic values of freedom, rights and solidarity, justice and selfless support for the next generation, Members consider it important to make clear that **older people are not a burden** on the economy and society, but rather – through their experience, their achievements, their knowledge and their greater loyalty to their place of work – a dependable asset and significant added value.

The report considers it important to **fight prejudice and discrimination** in all its forms and towards all groups of society and to work towards a society where older people are treated equally as human beings with fundamental rights. Moreover, special attention should be paid to the gender perspective when considering demographic challenge and solidarity.

Education and Training policies: taking into account the EU's ageing society, Members believe that active attempts should be made to bring people on to the labour market and keep them there, applying this approach to all age groups, older people included. It emphasises that **lifelong learning must be a central aim in all education-related measures** and that it is something for which all generations, the public authorities and businesses bear a responsibility.

Members consider that an employment policy which takes into account the situation of older workers implies **reflecting on new ways of organising work in companies**, facilitating flexible formulas progressively leading to retirement, reducing stress, improving working conditions and promoting anti-discriminatory practices with regard to recruitment and vocational training.

The committee believes it is wrong for any older worker to be forced to stop working against their will because of an arbitrarily concluded compulsory retirement age. Therefore, it calls on Member States to **look again at the feasibility of scrapping compulsory retirement ages.**

In this regard, it considers that any measures concerning the retirement age should be based on the needs of the persons concerned.

Members are convinced that **flexisecurity** can contribute to more open, responsive and inclusive labour markets and can ease the transition between the various stages of people's working lives, in particular when it is based on solidarity and shared responsibility between the generations and when it takes the different demands and needs of all age and income groups into account. They stress that career and training security should be fully guaranteed and that everyone should be able to have a full and uninterrupted working life, entitling them to a full-rate pension.

The report calls on the EU to pursue an effective policy to ensure that older workers can remain available for work and are not subject to age discrimination. It calls for promoting a **culture which provides for the management of ageing in companies**, both for the arrival of young people and for the departure of older workers.

Transparency initiative: the report calls on the Commission and the Council to introduce generational accounting to inform and further develop the Eurostat sustainable development indicators (SDIs) in all the Member States and at EU level, with a view to producing reliable models and forecasts of payment flows and the degree to which each generation will benefit or be burdened. It advocates a compulsory 'generation check' impact assessment to make clear the effects of EU and national legislation on justice between the generations and to permit long-term cost-benefit analysis.

European Youth Guarantee initiative: emphasising that youth unemployment is one of our most pressing problems, the report invites the Council and the Commission to make particular efforts and to devise practical measures – one of which should be a European Youth Guarantee – to ensure that, after a maximum period of four months' unemployment, young people are offered a job, an apprenticeship, additional training or combined work and training, with the proviso that those concerned support the process of their integration into work through their own efforts. It is also necessary to give young unemployed workers the advice, the guidance and the aid they require in order to get them back into work (or into work for the first time), and the same for students or future students, so that they can choose their career path in full knowledge of the potential job opportunities.

Fifty-plus employment pact initiative: the report calls on the Member States and the Commission to ensure that the following aims are achieved under an expanded EU-2020 strategy: (i) securing full employment among the population aged over 50 up to the legal retirement age and achieving the minimum of 55 % employment; (ii) eliminating incentives e.g. for early retirement; (iii) combating age discrimination; (iv) setting country-specific targets for access to training and lifelong learning for older workers; v) combating age-based discrimination in the workplace and training and developing incentives for workers over the age of 60 to remain available for work, so that they can pass on their knowledge and experience to subsequent generations, which will require the Member States to adopt appropriate legislation designed to promote the recruitment of such people by companies; (vi) supporting the (re) integration of older people who become disabled, rather than classifying them as 'disabled'.

Age Management initiative: Members argue that older people's employability also depends on initiatives in the fields of health, the level of income and contributions in cash and in kind in comparison to pension and other retirement benefits, further training, working-time patterns, autonomy and individual choice for workers, better work-life balance, job satisfaction and management behaviour, as well as a guarantee of reasonable accommodation, and in the field of accessibility, and that such initiatives should be devised jointly by the social partners, where applicable, for all employees and promoted by the Commission and Member States.

Intergenerational tandem initiative: the report calls for specific initiatives to promote mixed-age teams for work processes and suggests that companies taking such initiatives should be supported and that outstanding projects should receive recognition, highlighting how the varying distribution of generations increases competitiveness and harmonious growth.

'Guaranteeing a decent pension' initiative: the committee is convinced that the right to retire is a right that any employee is entitled to claim after the legal retirement age set by each Member State in consultation with the social partners and in accordance with national practices. It considers that, should they decide not to extend their working lives beyond the national retirement age, this must not affect their pension rights or other social rights.

'Active Ageing' initiative: the report calls on the Commission to conduct a review of activities related to healthy ageing and to present an action plan in 2011 for: (i) enhancing older people's dignity, health, quality of life, and autonomy; (ii) allowing them equal access to health care regardless of income; (iii) highlighting in particular the health risks for people who suddenly cease being active; (iv) emphasising prevention of health problems, which requires the Member States to support healthy lifestyles and take appropriate measures to reduce smoking, alcohol misuse, obesity and other major health risks.

The report also calls on the Commission to **develop a proposal** for 2012 as the 'European Year of Active Ageing and Solidarity between Generations'. It also calls on the Council and the Member States to take rapid measures to guarantee decent pensions for all, which must not in any circumstances lie below the poverty level.

Reconciliation policies: the report emphasises that in order to avoid a disproportionate burden on women because of an increased demand for care in an ageing society, labour and care should be rendered compatible for both men and women in all Member States and equally distributed between women and men. It encourages the Member States to enter into permanent long-term commitments to the family, including entitlement to additional allowances for parents, especially additional measures to support single mothers, and tax or social relief for crèches and for voluntary, cooperative and charitable organisations. The report calls on the Member States to ensure accessible, affordable, flexible and high-quality services, and in particular access to childcare facilities, aiming to ensure conditions for the provision of 50 % of necessary care for children aged up to three years and 100 % of care for three-to-six-year-olds, as well as improved access to care for other dependents and adequate leave arrangements for both mothers and fathers.

Economic and growth policies: Members take the view that tapping into new markets in the 'silver economy' offers a major opportunity for improving competitiveness and innovative potential and for boosting growth and employment and for increasing volunteering. They consider that one means of tackling the digital divide – a phenomenon that particularly affects women, especially older women, and leads to professional and social exclusion – would be for schools to organise experimental IT literacy initiatives. They believe that the agreement of strong new antidiscrimination legislation in the access to goods and services will offer a major opportunity for economic growth and employment, as the barriers faced by older people to certain services and goods are dismantled. They call for an end to any unreasonable or unfair blanket bans on goods and services based on age alone, which many older people face when trying to purchase insurance, holidays or car rentals, for example.

Member States are called upon to put in place framework conditions, and particularly to take innovative and barrier-free measures, that reflect differing regional conditions in this regard.

Pension and budgetary policies: the report considers that an ageing population coupled with a declining birth-rate within Europe represents a fundamental demographic change which will require reform of the welfare and fiscal systems of Europe, including pension systems, providing good care for older generations whilst avoiding the accumulation of a debt burden for younger generations. They encourage reform of the stability and growth pact, so that Member States can fulfil their obligation to make their pension systems more sustainable.

Noting that numerous issues relating to demographic change in society fall exclusively within the competence of the Member States, the report recognises the need for each Member State to take action to ensure its public finances are sustainable and can adequately manage demographic change. The Commission is called upon to provide continuous intergenerational accounting, including estimates on future debt burdens and sustainability gaps in public finances of the Member States, and to make the results publicly available in a way that is easily accessible and understandable. The Commission and the Member States are called upon to re-examine welfare systems where they still entail considerable inequalities between men's and women's pension levels, and to consider the options of introducing

corrective factors taking account of the gaps in contributions arising from temporary employment or maternal responsibilities.

The report stresses the need to encourage private pension provision and to ensure that on average public sector pensions are no more generous, both in terms of contributions and benefits, than comparable private sector pensions. It encourages Member States to remove all disincentives, particularly in relation to tax and pensions, for older people to continue working beyond retirement age.

Migration policies: Members consider that migration combined with successful integration, including economic integration, can be one of the ways of coping with demographic change. They are convinced that open and sincere debate is essential in order to discuss different immigration policies. They consider that a sense of identification in accordance with democratic traditions and fundamental constitutional values, participation based on equal opportunities and responsibility are prerequisites for successful integration, that integration can work only where immigrants are prepared to adapt and locals are receptive, and that solidarity between generations is complemented by solidarity between cultures, which implies the removal of prejudices about different cultures.

Health and Care policies: the report calls attention to the severe regional imbalances apparent in terms of demographic change, and the fact that it sets in train processes of migration away from rural and peripheral regions, with the result that structural transformations in social and health care must be envisaged, funding must be made available for them, and an intensive exchange of best practices and those which support developments and services based on modern information and communications technologies must be undertaken.

Recognising what has been achieved by the Member States in the field of care for older people, Members call however on them to bring greater attention than hitherto to bear on the enforcement of, and compliance with, quality criteria for service provision. They call, through the open method of communication, for an exchange of information and best practice between Member States on the provision of long-term care for older people and, in particular, measures to safeguard older people in the community and in care homes and to tackle abuse of the elderly.

Lastly, Members take the view that an EU-wide code of conduct for the provision of long-term care, outlining minimum guidelines and service outcomes, needs to be drawn up and to be adopted by Parliament and the Council.