Modernising and improving social protection in the European Union

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OBJECTIVE: This communication has a dual purpose: - to indicate the routes along which modernization can be pursued with regard to social protection in the Member States, - to present some specific proposals for European-level support. SUBSTANCE: taking stock of the discussion which followed the communication on 'The future of social protection in Europe' (COS0329, 1995), the document recalls, first of all, that social protection systems in the Member States now account for more than 28% of the European Union's total GDP. Given that the systems were set up, for the most part, after the war and that the economic and social context has significantly changed and is continuing to do so, the Commission considers that these urgently need to be modernized and adapted: to the changing nature of work, to the change in the gender balance, to the ageing of the population, to the need to reform the coordination of national social security schemes for migrant workers. With specific reference to the response to the 1995 document, the Commission pinpoints 5 key areas for further analysis: - social protection as a productive factor: the Commission will study the overall costs and benefits of social protection systems, in terms of social cohesion, political stability and economic progress; - more employment-friendly social protection systems: urgent consideration needs to be given to the way in which social protection reforms and taxation can be developed as an integral part of an active employment policy. This will be based on the examination of best practices in the field of active policies. The Commission will examine, in particular, how reactive unemployment insurance can be turned into a proactive employability insurance, in connection with the trend towards the development of lifelong education. The Commission will also deal with analysing the measures taken by Member States to reduce non-wage labour costs and the impact of taxation on employment. It will also look at the problems of a gradual transition to retirement (in particular, by examining opportunities for older workers to stay in the labour market), the mechanisms resulting from guaranteed income schemes and the positive effects of integration policies (types of integration contracts, duration, etc.); - adapting social protection to the ageing of the population: the Commission intends to develop methods for forecasting expenditure and to assess the elements of reform which seem to be most adapted to ensuring the sustainibility of public pension schemes while preserving their core aspects of solidarity. It proposes, in particular, identifying a regulatory framework at European level in order to provide a secure environment for supplementary pension schemes. At the same time, it will study on-going reforms relating to the needs of dependent persons. Finally, it will carry out an assessment of the potential impact of prevention on the reduction of health care costs and clarify to what extent and under what conditions introducing market forces within health care systems can help save costs (while fostering a better quality of services and ensuring access for all to health care); - adapting social protection to the new gender balance: the priority here is considering how to reconcile family and working life. The Commission will present initiatives aimed at setting higher standards for the care of children and other dependents. As regards equal opportunities, the Commission intends to assess the attempts made by the Member States to make progress towards individualization of rights without jeopardizing the economic situation of women; - improving social protection for people moving within the Community: the Commission will develop a strategy to reform and simplify the coordination of social protection for migrant workers. It will, in particular, draw up a proposal for a directive seeking to tackle cross-border problems in relation to occupational schemes. In conclusion, the Commission calls on all Member States and Community institutions to engage in a dialogue in this field and plans to present a joint report in December 1997 on the action to be taken in response to this general discussion. It also calls on the social partners and NGOs to contribute to this work.