Social protection: strategy for modernising

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PURPOSE : to present a concerted strategy aiming to modernise social protection in Europe. CONTENT : The communication establishes an agenda for collective reflection on four key objectives : to make work pay and provide secure income; to make pensions safe and pension systems sustainable; to promote social inclusion; and to secure high quality and sustainable health protection. The social protection systems in the Member States face a whole series of common challenges such as the need to adapt themselves to the changing world of work, to new family structures as well as to the demographic changes of the coming decades. These challenges have to be met while reconciling the clear aspirations of citizens to maintain high levels of social protection and the need to make public services more efficient and more respectful of budgetary discipline. Facing these challenges, a process of concerted reflexion was started at Union level in the 1990s. In 1992, the Council adopted a recommendation on the convergence of objectives and policies of social protection, confirming the responsibility of Member States for the organisation and financing of social protection systems, following on from which, the Commission, in 1,995 presented a debate on the "future of social protection" (see COS/1997/2289) and then a communication in 1997 called "modernising and improving social protection in the Union" (see COS/1997/2047). In the context of this debate, the Member States and the Union's institutions agreed to recognise that the protection systems should be modernised in order to adapt to changes in society, while at the same time continuing to play their traditional role. This communication seeks to further this debate in this way and propose possible directions for change with a view to reforming the current systems. These developments include macro-economic disciplines which are indispensable to the stability and the growth in the economic and monetary Union, the commitments in favour of protection systems that are more favourable to job creation in the framework of the European Employment Strategy and the need, in the context of enlargement, to reaffirm the place of social protection as one of the common values held by the Union. Through this communication, the Commission proposes to start a new stage in the present reflexion process by : 1) fixing a timetable for strengthened cooperation based on 4 key objectives in the framework of the global challenge of modernisation : - to make work pay and provide secure income: the objective is to offer active help to workers and job seekers by promoting employability and adaptability by introducing strong incentives to work rather than to be unemployed (tax systems and benefit systems that are more favourable to work, social protection that better reflects the new forms of work and taking more account of family and professional life); - to guarantee safe pensions and sustainable pension schemes : People have to be provided with a securely funded and adequate pension. Pension schemes must be made sustainable and guarantee a decent remplacement income for pensioners. It is, therefore, necessary that there is the appropriate balancebetween funded and PAYG (pay-as-you-go) systems. This objective can only be realised if it is prepared for in younger years and supported by the right incentives within benefit and pension schemes which favour continued participation in work and promote lifelong learning and preventative health care systems; - to promote social inclusion : it is necessary to provide minimum income benefits, access to housing and health services and facilitate the broadest possible participation in society; - to ensure high quality and sustainability of health care by avoiding untenable pressure on health expenses: efforts can be made in this direction by preventing health problems before they arise, especially through the promotion of healthier lifestyles. 2) support the proposed strategy by enhanced mechanisms for exchanging information and monitoring policy developments in order to give the process more visibility and political profile. To this end, Member States will be invited to appoint high level civil servants to act as focal points in this process. The Commission will then publish an adapted annual report on social protection, based on contributions from the Member States, which submitted to the Council. The Commission seeks the participation and involvement of all the parties concerned in this strategy which is based on the common objectives already described and the information and monitoring mechanism envisaged (not simply all of the Member States and the European Institutions, but also the social partners, national social security institutions and the NGOs concerned).