Social protection: long-term evolution of pensions

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The European Parliament approved the report by Mr Alejandro CERCAS ALONSO (PES, E) on the long term reform of pension systems in light of demographic change. The House takes the view that financial questions should not be the only concern. Social issues, such as social harmony and solidarity within and between the generations, must not be overlooked either. The resolution highlights the importance of increasing the employment rate and maintaining a financial balance in pension schemes if Member States are to secure safe and sustainable pensions. Nevertheless, some increase in pension expenditure as a proportion of GDP seems inevitable. Comprehensive reform strategies should be drawn up before acute financing problems arise. The reform measures to be taken must only address the structure of the pension schemes but must also introduce a successful growth strategy and active employment policy. In this way the pressure on public finances could be reduced. In order to achieve public consensus on the organisation and financing of social protection, the Commission should launch information campaigns on the importance of solidarity between generations and solidarity with dependent persons. The House believes that pension funds and private, funded schemes could play a role in supplementing public pension schemes, although they are more in favour of capitalisation based pension funds collectively agreed by social partners and accessible for all employees than individual private pension arrangements. They stress that public pay-as-you-go schemes (PAYG) must not be weakened. They call on Member States, however, to sort out their tax-and-spend policies to make sure the funding PAYG aspirations is realistic. Lastly, Parliament stresses that the European Parliament should be fully involved in the process of European social convergence.