



AGE Response to the Green paper on Demographic Change 30 September 2005

Executive summary:

AGE, the European Older People's Platform, warmly welcomes the debate that was launched by Commissioner Špidla last March with the long-awaited Green Paper 'Confronting demographic changes, a new intergenerational solidarity'.

AGE developed its contribution in consultation with its member organisations. We also consulted with other relevant NGOs – the European Youth Forum, The European Women's Lobby – and other stakeholders such as researchers and national authorities at a seminar we organised at the European Parliament on June 29th with the Intergroup on Ageing.

In our view, the response to demographic changes must be approached realistically and without the implicit alarmism that is contained in over-used phrases about "time bombs" and "crises". We believe that the increased life expectancy and improved health of older people is one of the proudest achievements of recent social and economic development in Europe.

So far, the debate has focused too much on the quantitative changes in an ageing society: pensions and health care expenditure, older worker employment rates, old-age dependency ratios etc. These are important discussions, but the necessary qualitative changes to the economic, social and political structures of society deserve equal attention.

The policies of many Member States have yet to respond adequately. Policymakers across the EU need to catch up with the realities of rapid changes in demography and family and social patterns. They need also to understand the changing nature and diversity of the population, including among the elderly who are too often described as one homogenous group. Greater awareness is needed of the variability of sub-national demographic changes and the need for

strategies at regional and local level. The suggestions in the Green Paper on a life-course approach for one's career, the necessary changes to the workplace to accommodate the needs for older workers to remain active in the labour market are all crucial proposals that await concrete implementation.

In our view, the response to the demographic change must be based both on intergenerational and intragenerational fairness and solidarity. For this reason whilst supporting a focus on youth, AGE also welcomes the special attention paid to the 'very old' section of the population, aged 80+.

AGE is, however, more critical of the rosy picture that the Commission paints of the situation of seniors, aged 65 to 79, as all having full pension rights, high mobility and increased ability to consume goods and services. A closer look at European poverty statistics show that this picture does not accurately reflect reality: whereas some older people enjoy high levels of income from private sources, 16% of older men and 21% of older women are at a risk of poverty and in some Member States the at-risk-of-poverty rate among older women is as high as 51%!

Although we agree that many of the issues raised in the Green Paper fall within the exclusive competency of the Member States, we feel that there is an obvious need to discuss demographic change and intergenerational solidarity at EU level because all these issues have tremendous implications on policies which are of EU competency: i.e. the Revised Lisbon Strategy, the European Employment Strategy, the streamlining process of the OMCs on pensions, social inclusion and healthcare/long term care for the elderly as well as the EU debates around migration and education.

Most EU policies are affected one way or another by the demographic change the European Union is facing. Policy developments in very diverse areas such as employment, pensions, social inclusion, health, transport, urban development, housing, research, education and citizenship, etc. need to be better coordinated to develop an accurate understanding of what demographic change means in order to support the right policy response.

AGE would like therefore to recommend that the Commission publish an **annual report on the EU response to demographic change** summarizing what Member States and EU institutions are doing. This would ensure better coherence between the various processes and instruments involved and would provide policy makers and citizens with a useful overall picture of progress achieved and failures to be addressed. This annual report should be launched and debated in an **annual EU Roundtable on Demographic Change** involving all relevant stakeholders, including the European Parliament and national policy makers.

Our response follows the questions listed in the Green Paper.

1. The challenges of European demography

1.1 The challenge of low birth rate

In our view, longer life expectancy is not a problem in itself. It is on the contrary a great achievement due to better living and working conditions and medical progress. In addition to that long term demographic projections do not seem to take on board the impact of stress and environmental pollution on the life expectancy of today's younger people, such as the sharp increase in asthma and allergies, obesity, cardiovascular diseases, and cancer (due to manufactured risks) and other lifestyle related risks (accidents and drug, tobacco and alcohol abuse) among younger people, women, and vulnerable groups (migrants, the unemployed, people experiencing poverty, etc. That means that projections vary a lot depending on the assumptions they are based on. For that reason they are unreliable and there needs to be constant monitoring.

In a context of demographic ageing it is becoming increasingly important to ensure that individuals have real choice in defining their work life balance. This will be best achieved through family friendly employment and social protection policies that promote **choice** and **confidence** amongst citizens, both young and old. Employment and social protection policies should give citizens real choice to reconcile work and family life and compensate for the cost of raising a family / caring for dependent relatives while building their confidence that they will be secure in old age. Family friendly employment and social protection policies should include:

- childcare and eldercare facilities as well as facilities for disabled children and adults;
- financial compensation for care duties including care credits, pensions rights and social status for informal carers;
- employment policies targeting informal carers: special provisions to enable workers to face emergency situations such as flexible working hours and care leave, policies to compensate for impact of caring duties on professional career, etc;
- support and training for informal carers, including respite care facilities;
- innovative and flexible care services for all dependent people that are adapted to the needs of today's workers and citizens should be developed.
- Services for the elderly should be developed with proper standards, professional qualifications and status for carers, etc. including services to support family carers. Eldercare structures need to be sufficiently flexible to take into account the huge diversity among older people and the changing needs both of the cared person and their carers.
- Governments should support the development of elderly care structures as a way of promoting employment in this growing sector and combating health and isolation problems of older people.

- Research/discussion should be promoted on new family trends including increased mobility of workers/citizens and the consequences of later age pregnancies on the informal care provided to the elderly. Families are increasingly living apart and women have their children at a later age. This will mean that families will less and less be available (either due to geographical distance or work) to care for the very old and dependent. These new trends need to be researched to anticipate impact for policy making.

1.2 The possible contribution of immigration

Immigration may partially help meet the challenge of demographic ageing by addressing staff shortages in some specific sectors (in the short term) and reinforcing the population (in the longer term) but it needs to be promoted to benefit all stakeholders: the immigrants, the host country and the country of origin.

As AGE raised in its response to the Green paper on Economic migration, viewing migrants only as economic components, has led to a crisis in race relations between migrants and host populations. Putting too much emphasis on the purely economic dimension, negates the human aspect of migration, regarding individuals as mere labour tools and can lead to unforeseen problems. Importing cheap labour from third countries may seem an easy way to relieve staff shortages in sectors such as services, health (care of older people) and low skilled work but if such an approach is not supported by an adequate consideration of the needs of the individual and their family then adverse effects can result.

The risk of creating second class citizens: In some member states, the increase in the number of women working and the harsh working conditions in the care sector has led to an increased demand for (mostly female) migrant workers to provide formal and informal child and eldercare.

However, the recruitment and sometimes exploitation of migrant labour to fill these gaps has led to a further undermining of the status, conditions and pay of these jobs and has thus increased the reluctance of trained carers in the EU to work in these fields.

The possibility to call on migrants should not be a good excuse not to address the low pay, low status and unsociable hours linked to these jobs. Migrants and EU citizens alike should be offered good working conditions and social protection including in the health and care sector.

Brain drain and loss of contribution in country of origin: the EU must assess the impact in the countries of origin of the recruitment of workers from certain sectors, for example, in the health sector, with regard not only to the investment

in education and training made by the countries of origin but also in the lost contribution to the country of origin's social and economic prosperity.

The reference point for the drafting of legislation on migration should be adherence to international and European human rights legislation¹.

In this respect, AGE regrets that the UN Convention on Migrant Workers has not been ratified by all the member states.

In order to make migration policies work for everyone, the elaboration of a common policy on migration must provide the same level of social protection to the migrant population as to EU nationals (pension rights, family reunification, access to healthcare, support to integration). Pension rights and health coverage should be applicable, whether the migrant worker decides to return to her/his country of origin or remains in the host country.

The EU, in assessing its need for labour, must also take into account the real cost to the country of origin, that is: the cost of the brain drain and economic/social loss, the cost of childcare and education of children left behind and the impact on care for the elderly dependent remaining in the country of origin.

A common approach should also underline the application of immigration rules to all migrants, whether they be economic migrants, family of migrant workers, asylum seekers etc.

AGE urges the European Commission to carry out an assessment of ageing on migrant men and women. The EU future migration policy must take a long-term perspective on migrant labour, going beyond the years when women and men are economically active.

2. A new solidarity between the generations

2.1 Better integration of younger people

AGE welcomes the Youth initiative and the high focus it puts on fighting youth unemployment and exclusion of other groups in the Employment Guidelines. By experience older people know that the best way to avoid poverty in old age is to be engaged in well-paid work throughout working age. The enjoyment of good working conditions is also crucial in terms of healthy ageing and increased independence in older age. Good education and training all along one's life can support both these aspects.

All efforts must be deployed to promote the integration, not only in employment but in society in general, of younger people. Too many younger people suffer discrimination which prevents them from participating fully in society. Ageism does not only affect older people; it also affects younger people and multiple

discrimination is a common experience in both age groups making the challenge of finding the right way to address age discrimination even greater.

The Structural funds should not be exclusively used to support initiatives aimed at increasing productivity and growth. On the contrary, the structural funds should be used to help Member states achieve the clear targets that have been agreed for youth and older people's unemployment, school drop-outs and lifelong learning, number of young students to achieve secondary and third level education, poverty levels (child poverty and poverty among families with children, paying attention to single parent families, older people, migrants, disabled people, and other vulnerable groups). AGE welcomes the various references to social cohesion included in the Strategic Guidelines for the Cohesion Policy 2007-2013 and hopes that these recommendations for actions will be translated into concrete actions in support of vulnerable groups.

Non formal education and voluntary activities should be promoted as they can be as useful as formal education in developing social/interpersonal/practical skills and self-esteem among vulnerable groups of children/youth. These activities can help integrate young people experiencing school failure by creating new social networks where the young feel valued. Many older people are happily involved in intergenerational activities, providing support to children/youth groups and helping them discover new skills that can help them become better integrated. Many older workers who are themselves excluded from the labour market as a result of age discrimination wish to continue to play a useful role in society by getting engaged in voluntary activities but often, they face barriers: in some countries they cannot combine (unpaid) voluntary work and unemployment benefits, insurance for volunteers often impose an age limit, no compensation is possible for transport costs, etc.

The Structural Funds should promote work opportunities for all, in particular for those most at risk of exclusion from the labour market; The Structural Funds should also support exchange of good practice in the field of inter and intra-generational volunteer activities.

2.2 A global approach to the working life cycle

Despite the fact that the importance of Life Long Learning has been stressed over and over again, training is still not accessible to all. Those who need it most, i.e. older workers, migrants, and women, are those who have least access to it. In most countries, the participation rates of these groups are not showing any significant progress despite some efforts made by public authorities to create incentives both for employers and employees. Obviously more effort is needed to both change the mentalities and open real training opportunities for all.

Whilst AGE welcomes the emphasis put on active ageing, we would like to stress the importance of promoting an inclusive labour market, improving the quality of jobs, and developing incentives to remain/return to employment combined with a high level of social protection and choice for older workers (not everyone wishes to work longer).

Despite the fact that the EU anti discrimination framework directive combating discrimination in employment has now been transposed in almost all Member States, the impact on the discrimination faced both by young and older workers is still not yet very visible. Although AGE strongly believes that legislation is indispensable, this demonstrates that it is not enough on its own to eradicate discrimination. The legislation needs to be followed up and implemented in the courts. Non-legal measures are also needed and employers need to be encouraged to employ / retain older workers, both through raising their awareness of the skills available and through a commitment not to use early retirement schemes as an easy way of resolving restructuring issues.

Trade Unions need to be encouraged to develop alternatives to pre-retirement schemes and accept these plans only as a last resort form of redundancy. EQUAL style initiatives should be guaranteed and actively promoted within the context of the structural funds in order to develop innovative approaches to extending working lives (focusing on young and older workers with a particular attention to the gender dimension).

The EU needs to create more quality jobs. Making Work Pay is not enough. Many older workers would agree to work for longer if the working conditions were better adapted to their needs and expectations. This issue has been researched and good practice has been identified but too little is done still to adapt the working conditions to an ageing workforce. Good quality jobs must be created and governments should be able to support job creation in sectors where there are obvious shortages (third sector). The level of unemployment that currently exists shows that there are structural problems in the employment market and education/training schemes, which are not providing people with the opportunities they are looking for. Simply applying extra pressures to individuals to enter the labour market will not resolve these issues. Quality jobs must be available for them first.

We need to develop more flexible employment policies and work arrangements that meet the needs/wishes of both young and older workers; for ex. need to promote mentorship, part-time work with adequate income, gradual retirement, etc. Innovative ideas can be considered such as work arrangements based on job sharing between a younger and older worker where one passes on his/her experience to the other during an initial training period.

Promoting a better work / life balance throughout people's lifetimes will result in people being more likely to consider working later in their lives. Those whose

careers have been marked by personal sacrifices and struggle throughout, will more naturally seek to retire as soon as possible.

Barriers to continued work need to be examined in greater detail and challenged. A European study would be useful here. From our membership we hear that such barriers include:

- people losing certain rights if they continue in employment;
- where people's pensions are based on their final years' salaries there are disincentives to carrying on in a part-time or reduced capacity;
- difficulties reconciling work and increasing caring duties for the so-called "sandwich generation" (i.e. those who have to care both for their grand-children and for their elder parents)
- difficulties accessing part-time work

Our social protection systems need to recognise the contribution citizens make to society outside paid work and which are as useful to our society as paid employment and employment policies should promote such involvement by providing special provisions for informal carers, volunteers).

Employment policies need to break barriers between age groups in the work place; they should take a holistic approach to the needs/wishes of all workers, including older workers (motivation, time management, income and social protection issues, mobility issues, etc.).

When reforming pensions systems, governments should allow for a transitional period to ensure no one will be left without adequate pensions' rights;

Raising the average effective retirement age must be achieved through incentives and not by reducing social protection of older workers (cutting unemployment benefits of older workers does not help them find a job). AGE believes that the concept of extending working lives is valuable but is very clear that this means raising the average effective retirement age. Given that the current employment rate of workers aged 55-64 in the EU is 40%, the solution is not to raise the pensionable age as some suggest - this risks simply transferring the 'burden' from pensions to unemployment benefit and greatly increasing risks of poverty in cases of long-term unemployment. Rather, structural reforms are needed that mean that people actually can work up to the existing pensionable age and even beyond it where they want to.

Older workers who wish to continue to work are those who feel valued in their work and whose working conditions enable them to reconcile work and family life. Their "family" needs may be different from those of younger workers (need to care for an elderly parent or partner), but the answer is the same: employment policies should promote flexible arrangements which are not just to the benefit of the employer.

2.3 A new place for “elderly people”

Whilst we agree that a majority of older people today have a better life than their parents, we do not agree with the rosy picture that the Commission paints of the situation of seniors, aged 65 to 79, as all having full pension rights, high mobility and increased ability to consume goods and services.

It is important to understand that while a majority of senior citizens enjoy a relatively good life as a result of the golden Sixties, a significant number of older people, in particular women face poverty and social exclusion - in several Member States the at-risk-of-poverty rate among older women is over 30% and in one it is as high as 51%!

We expect poverty and social exclusion among older people to increase in the future as many people, especially women, will not enjoy full pension rights due to long spells of unemployment, family/carer's breaks, forced inactivity (for ex. due to partner's mobility), diminishing pensions' income (as a result of systems moving from defined benefits to defined contributions), etc.

It is true that standard at-risk-of-poverty statistics are based on income and fail to take into account other assets held by individuals that they might have built up over their lifetimes. However, the conception that all older people have been able to save up in this way is to ignore the situation of a great many who have spent a lifetime living on or near the breadline. Policies that seek to put all 'elderly people' into one basket will inevitably fail many as a result.

Those older people that are better off than previous generations and have taken advantage of economic development over the years to prepare well for their retirement offer an economic resource that society needs to respond to. Service and product needs of this generation provide a potentially significant market for economic development. Where these services touch on care needs, governments should take a lead role in developing this sector.

When reforming their social protection systems, Member States need to pay special attention to those most at risk of social exclusion and poverty: women, single parents, older workers, long term unemployed, migrants, etc. An impact assessment on these groups of all proposed measures should be undertaken prior to adoption.

AGE believes that there would be added value to the debate if the Commission undertook an EU-wide study on long-term adequacy of pensions paying special attention to the gender dimension.

Member States should agree to strengthen EU legislation to combat age discrimination in e.g. volunteering and travel in order to allow older people to participate fully and actively.

Work needs to be coordinated at EU level to make the built environment accessible to all (Design-for-All concept) to promote participation of all. Many individuals are prevented from contributing fully to society, not because of their own capacities, but because of barriers in the built environment and in access to crucial services such as transport.

2.4 Solidarity with the very elderly

The new Open Method of Coordination (OMC) on Health and Long Term Care needs to be implemented fully. A light version of OMC would not deliver much at a time when so many other processes (free movement of workers, patients and care professionals, proposed Services Directive etc.) may have a tremendous impact of healthcare and LTC provision. The OMC should be used to promote a rational use of the healthcare and LTC resources ensuring a fair balance between efficiency and equity. With the ageing of the population and new trends in family structures, the need for long term care will increase and there is an obvious added value for Member States to discuss the development of adequate and cost-effective long-term care. LTC services should be based on the three principles of: joined-up services, early intervention and consultation of the needs of the individuals involved.

Retirement pensions have nothing to do with dependency allowances. No assumptions should be made about the capacities of older people. People should be paid a pension on the basis of the contributions they have made or receive the minimum pension to ensure an adequate standard of living for a normal healthy person. If someone suffers additional health problems or reduced mobility, this should be reflected by an independent allowance to cover the extra costs incurred by the individual to maintain a decent standard of living.

Seeing the very elderly as a burden to society is an attitude that should not be acceptable in our society. Older people should be recognised for the contribution they have made to society throughout their lifetimes, as workers, tax-payers, family-raisers, volunteers, etc... Although there is not such thing as a single European Social Model, all social protection systems are based on the principle of solidarity: each of us contribute most when we are most able in return for some guaranteed security when we are least able. An important focus of the work on demographic change should be on how to ensure that society keeps its promises to the older generation.

An important consideration is not how to avoid the consequences of ageing, but how to best prepare for those consequences. Through early intervention and home care, greater care costs can be avoided in the future. Good planning and preparation are essential to ensuring that dependency is delayed as much as possible and the costs of such services do not rise to levels that are

unsustainable. This is not to be achieved by providing less services, but better services.

Care services: standards should be developed as for childcare to enhance status, salaries, qualifications and working conditions in the eldercare sector. Standards and status for carers would help also address the risk of gender segregation in the care sector.

Innovative measures should be developed to help family and peer support as much as possible; intermediate flexible support adapted to the person's needs, training to both carers and older persons to prevent dependency; respite care, intermediate structures to care for the elderly coming out of hospital, emergency support for the dependent.

By pooling and coordinating services, and adapting the environment to ensure support of a social network around the elderly dependent, it is possible to develop good quality care at a minimum cost. Families can help but should not be overburdened. Choice should be given to both families and the older persons to decide who will care for them.

The care of older people will continue to rely heavily on family carers. But as the demand for care, both inside and outside the family is going to increase, it is necessary to develop policies that support both formal and informal carers. Apart from the social and economic recognition of the contribution of carers, the question of the status and adequate financial compensation remain critical elements to be addressed.

3. Conclusion: what should the European Union's role be?

All Member States of the European Union are facing the same challenge of a rapidly ageing population. Coordinated actions are thus needed not only at national and local level but also at EU level bearing in mind the principle of subsidiarity. There is a demographic angle to most EU policy areas. For that reason we feel that the various Open Methods of Coordination (employment, social inclusion, Pensions, Health care and care for elderly, Life Long Learning) should be well coordinated with other policy areas such as transport, housing, research, education and citizenship to develop a good and true understanding of what demographic change means to support the right policy response.

AGE is pleased that each policy area of the Pensions – Social Inclusion – Health Streamlining Process will keep its own identity and that Member States will continue to produce separate reports within the joint process. However we would like to recommend that the Commission publish an **annual report on the EU response to demographic change** summarizing what Member States and EU institutions are doing and reviewing projections in light of new developments and

updated statistics. This would ensure better coherence between the various processes and instruments involved – not only in the social protection field but also in other areas where measures are needed to adapt to an ageing society, i.e. ensuring accessibility of transport, developing housing and urban development adapted to the needs of an ageing population, services of general interest, education, research, etc. – Such a report would provide policy makers and citizens with a useful overall picture of progress achieved and failures to be addressed.

This annual report should be launched and debated in an **annual EU Roundtable on Demographic Change** involving all relevant stakeholders, including the European Parliament and national policy makers.

The proposed process on Demographic Change would help prepare the **post-Lisbon Agenda** and ensure continuity in the work done to make the European Union the best place for all to work and live.

.....

AGE - the European Older People's Platform is a European network of organisations of people aged 50+ and represents over 22 million older people in Europe. AGE aims to voice and promote the interests of the 150 million inhabitants aged 50+ in the European Union and to raise awareness of the issues that concern them most.

For more information, please contact: AGE – the European Older People’s Platform
111, rue Froissart - B – 1040 Bruxelles Tel. : +32.2.280.14.70 - Fax : +32.2.280.15.22
www.age-platform.org