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EU GREEN PAPER "Confronting demographic change: a new solidarity between the generations", Finland's reply.

Please find hereby a Finland's reply to the Commission's consultation.

Yours sincerely,

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ENCLOSURES

15 pages

Green Paper "Confronting demographic change: a new solidarity between the generations"

Reply by Finland to the Commission's consultation

Background

The population in Finland is ageing faster than in most other countries. The number and proportion of children and young people of the population is reducing. The number of working-age people will begin to drop at the turn of the decade. Simultaneously the old-age dependency ratio is expected to be doubled by 2030 and remain at a high level thereafter. In 2030 one in four Finns will be aged 65 years or more. Furthermore, according to the present population forecast the Finnish population will begin to decrease in about twenty years.

The changing age structure of the population, the ensuing reduction in the labour force and slower dynamics of the economy pose a major challenge. It will have fundamental economic, social, cultural and political effects.

A prerequisite for a successful preparing for population ageing is to secure the sustainability of the public finances and the financing of pension systems in the long term. The European Union adopted at the Stockholm Council in 2001 an ageing strategy whose three components are: reducing public debt, reforming the pension and health care systems in a way reinforcing their long-term sustainability, and raising the employment rate. Implementation of this strategy should be one of the priorities when preparing for the change in the demographic structure.

This challenge has been taken seriously in Finland. Finland is preparing for the change in the population's age structure by a number of measures, among others by the pension reform that took effect at the beginning of 2005, and by the forthcoming Government's local government and service structure reforms that focus on improving the availability, quality and productivity of services.

In its financial policy the objective of the Finnish Government is that the state economy must continue to be strong. This is necessary to ensure that the public economy can in the next few decades manage the increasing responsibilities brought about by the population ageing without an unreasonable increase in the tax burden on the future generations. A state economy that rests on a sustainable basis is necessary also to ensure that the Government has under all circumstances access to an adequate financial margin for ensuring a further economic growth. Achievement of these goals requires a decline in the ratio of central government debt to GDP, except for deviations of a cyclical nature.

In 2004 the Government prepared a national report on the future focuses on demographic change discussing how the different policy areas should be developed as a whole in order to respond to the challenge of ageing. The starting point in the report is, in accordance with EU's active ageing policy, an active ageing and a life-course perspective.

Finland has good prerequisites for facing the future changes in the population's age structure, although the ageing takes place earlier than in many other European countries. Compared with many other European countries, Finland has managed to keep the balance of the public finances acceptable and the government debt ratio low. The population's health and functional capacity are good and the level of education and know-how is high. Work is appreciated and both genders take part in working life to an equal extent. The system of social welfare and health care services is comprehensive and eq-

uitable. The uneven demographic development within the country is however a particular challenge for the availability of services.

The Finnish policy on ageing has six main lines: improving health and functional capacity, supporting living and coping in the own home, enhancing the quality of services, strengthening and clarifying the rights of clients, securing a reasonable income, and ensuring the adequate financing of services and income security. Projects associated with these main lines aim to promote the independent living of older people and to reduce and defer the need for institutional care. The financing of services must support the principle that older persons obtain such care that they need on the basis of their functional capacity. One aim is also to ensure high quality services, not only through the municipal service provision, but also by means of voluntary activities, NGOs and private companies.

Replies to the questions put forward by the Commission

1) *Do you take the view that the discussion of demographic trends and managing their impact should take place at European level?*

- Population ageing is a common challenge to the Member States, and considerable economic, social and political effects are involved in preparing successfully for it at both national and EU level.

- The change in the populations' age structure presupposes a broad-based discussion and setting of targets at all levels of governance in order to ensure the growth potential and competitiveness of the EU's economy as well as the financial and social sustainability of welfare.

- The need for a systematic assessment of the principles of subsidiarity and proportionality should be kept in mind at the same time. The main responsibility for preparing for the demographic change rests with the Member States.

2) *If so, what should be the objectives, and which policy areas are concerned?*

- The dialogue conducted at the level of the European Union helps to identify the challenges brought about by the demographic change and to define common objectives for how to prepare for that change. These objectives should be included in the Broad Economic Policy Guidelines, the European Employment Strategy and the objectives to be set within the process of social protection (2006 -). They should be taken into account also when preparing the national reports for the Lisbon strategy. As the age structure is changing to be more demanding from the point of view of the economy, employment and social cohesion it is increasingly important that the economic, employment and social policies support each other reciprocally.

- Apart from the challenges brought about by the demographic change it is also important to underline the possibilities involved in the change and the encouraging message that it is possible to adapt to the changes and to influence them.

- The similar challenges of the EU states related to ageing involve an opportunity to benefit from each other's useful experiences and best practices in preparing for the future. A joint discussion strengthens the flow of information between the countries and promotes the creating of a joint knowledge basis needed in the anticipation of the demographic change.

- The objective is societies that function well from the point of view of people of all ages, in which the resources of citizens of different ages are made use of for the benefit of the people themselves and society as a whole. The task of societal policy is to create living environments and services that enhance people's functional capacity and health and support their healthy choices. The citizens' need for care can be reduced considerably by promoting their health and functional capacity and by preventing illness and injuries.

- The United Nations adopted in 2002 a policy framework on Active Ageing. The regional implementation strategy approved by the UN Economic Commission for Europe (ECE) encompasses ten commitments that cover all the necessary policy areas. These objectives should be taken into account when deliberating the joint European objectives.

3) *How can a better work/life balance help to tackle the problems associated with demographic ageing?*

- The fertility rate is in Finland among the highest in Europe (1.83 in 2004), even though it is still below the population replacement rate. The number of families with several children has increased somewhat in recent years but the number of primiparas has risen to almost 28 years.

- The object of societal policy must be the entire life course of people. A policy that follows the life course perspective takes account of the demands and strengths of all age groups and stresses the significance of preventive measures.

- Different policy sectors should pay more systematic attention to the reconciliation of work and family life as a social investment. Measures promoting the reconciliation of work and family (whether it is question of caring for young children or elderly parents) can influence favourably both the birth rate and the employment rate. We have to seek ways to increase both the employment rate, productivity of labour and wellbeing at work. There are several development projects under way in Finland to find such practical means.

- Child care, studies and caring for elderly spouse or parents require flexibility from working life. It should give those who want to contribute to caring for their elderly relatives an opportunity to do so.

4) *How can a more balanced distribution of household and family tasks between men and women be encouraged?*

- The employment and social policies should pay systematic attention to fathers' use of their entitlement to family leaves and seek for solutions that will even out the distribution of care periods at the birth of children as well as periods for caring for elderly parents between women and men.

- The employment and education policies should seek practices to alleviate gender segregation, among others by considering possibilities to render positive support to the gender that is less well represented.

- The costs of parental leaves should be equalised, as far as possible, between the male- and female-dominated branches. It is essential that the new solutions do not burden female-dominated branches or workplaces to a greater extent than they do male-dominated branches.

5) *Should the award of certain benefits or advantages (leave, etc.) be linked to an equal distribution of tasks between the sexes? How best to ensure an adequate income for both parents on parental leave?*

- Guaranteeing an adequate income presupposes co-ordination of the wage arrangements included in the collective bargaining agreements, and of applicable social insurance benefits and family benefits in a way that will in the long term encourage returning to work after a parental leave. It has to be taken care that pension and, as applicable, other social security benefits build up for the time spent on family leaves.

6) *How can the availability of child care structures (crèches, nursery schools, etc.) and elderly care structures be improved by the public and private sectors?*

- In Finland the local authorities (municipalities) are responsible for providing services for their inhabitants. In doing so the local authorities have several options: own service production, co-operation with other municipalities, co-operation with the third sector, services purchased from the private sector, and service vouchers by means of which clients can buy services from private service providers. The services are financed mainly by taxes collected by the local government and the state. Local authorities increasingly purchase services from the private sector through competitive tendering. The aim of the Government's reform regarding the local government and service structures is to improve the access to, and the quality and cost-effectiveness of services. An entitlement to tax allowance has been recently introduced to support the purchase of household and care services. A part of the expenses of private health services is funded from health insurance.

- The responsibility for the provision of social welfare and health care services must rest with the public authorities. When developing the service system particular attention should be paid to client-orientation and improvement of supervision systems that guarantee a good quality. A strength of Finland is the great variety of competent social welfare and health NGOs.

- The increased demand for welfare services also enables the growth of private services, in particular various household services and also such services improving individuals' quality of life that are not covered by the public service system. The collaboration between the private and public sector however requires joint rules of the game for financing as well as ensuring the quality of services and maintaining the service provision.

- Children should have access to day care services or services and support compensating for them. After-school care for young school-children should also be ensured. Day activities and services at the interfaces of non-residential and residential care for older people should be developed.

7) *Can a reduced rate of VAT contribute to the development of care services?*

- This issue requires a careful examination, taking into account the Member States' different circumstances and objectives and the institutional structures of their care services, as well as the impact of possible decisions on the tax bases.

8) *How can parents, in particular young parents, be encouraged to enter the labour market, have the career that they want and the number of children they want?*

- See reply to question 3.

- According to studies Finns would like to have more children and at a younger age than they do currently. The most efficient means of influencing the birth rate are making it possible for people to have children at a younger age, measures to reduce atypical employment relationships in particular among young women, promoting the reconciliation of work and family life, and improving the housing and income of families with children.
- In Finland parents appreciate the option to choose in particular the care arrangements for children under three years of age. Flexible hours of work and parents' right to choose care arrangements for their children facilitate the reconciliation of work and family life and can contribute to an improved fertility rate. The objective is to ensure that parents can both take part in employment and be good parents.
- Tax-related factors tend to encourage participation in the labour force. In Finland, apart from effective services also the separate assessment of spouses for tax purposes and individual social security rights have been found to increase the labour force participation of mothers of young children.
- The labour market status of young parents can be influenced by regulating the hours of work and work environments. Introduction of various types of working time arrangements and working hour banks as well as distance work should be encouraged in order to increase flexibility in working life. New innovative practices can be found by means of the structural funds in this area, too.

9) *To what extent can immigration mitigate certain negative effects of demographic ageing?*

- Immigration is one means of mitigating the problems related to labour supply as a result of the ageing development. The benefit of immigration is most palpable if the shortage of skills as a result of the demographic ageing can be filled in the strategically important sectors and branches. The increased diversification and multiculturalism of society often also enhance its dynamism and innovativeness. Immigration is one strategic element that needs to be developed in both Member States and at the Community level.
- The definition of labour force demands and the consideration of granting of work permits must take place in Member States. It is necessary, in order to attract certain professional groups, to provide for special measures together with the labour market organisations and relevant authorities based on Finland's own demands.
- Development of practices and models related to immigration as well as assisting people is a suitable task for structural fund operations. With the demographic ageing and reduced labour supply the focus in the structural fund operations could be on promoting active employment-based immigration.

10) *What policies should be developed for better integrating these migrants, in particular young people?*

- Measures to increase immigration also presuppose development of the integration measures. The measures applied in Finland currently have been targeted mainly on other criteria than employment, in particular to support the integration of those immigrating to the country as refugees or asylum seekers. The aim of the Government is to adopt a new comprehensive immigration policy programme this year.
- In order to promote the integration of immigrants it is necessary to extend the system of public services (such as education, employment, housing, social and

health services) to apply as comprehensively as possible to immigrants. Besides them, special measures and education and training are needed – language teaching and making immigrants acquainted with Finnish society being the most important of them. The focus should be on adolescents and children, but particular attention should also be paid to the education and training of adults.

- Integration measures should be implemented according to each country's own practices. (See Finland's reply to the Green Paper on immigration).

11) How could Community instruments, in particular the legislative framework to combat discrimination, the structural funds and the Employment Strategy, contribute?

- The Finnish Non-Discrimination Act, that has been issued based on the EU's anti-discrimination Directive, provides an effective basis for combating discrimination. Its implementation as well as the implementation of other norms must be supervised efficiently. The Union should develop its information and encourage Member States to disseminate actively information on this issue to their citizens.

- Particular measures related to the immigration of labour force from third countries, such as integration, prevention of discrimination, exchange of best practices and development of new measures, could well be financed from the European Social Fund. The Community could also play an active role in the development of methods to forecast labour demands and in the promotion of active work-based immigration.

- Finland supports the Commission's proposal included in the new draft Employment Policy Guidelines according to which also the supply of labour from third countries should be taken under consideration (Employment Policy Guideline 19).

12) How can Community policies contribute more to combating child poverty and poverty among single-parent families and to reducing the risk of poverty and exclusion among young people?

- That can be done by emphasising the significance of lifespan and generation aspects in policies to combat social exclusion. Ensuring good conditions for children's growth and supporting families with children and preventing poverty among them are long-term investments. Inherited social exclusion must be stopped.

- A further policy is to emphasise the importance of altered family structures as a factor increasing the demand for social protection and to develop best practices in response to the new family structures.

13) How can initial training and adult training schemes be improved? What can non-formal education and voluntary activities contribute? How can the structural funds and the instruments for achieving better access to the knowledge society contribute?

- Any development of social exclusion must be identified and stopped at an early stage, which presupposes a close interaction between the relevant authorities and homes of young people. It is especially important to find suitable types of education and training for the young people for whom the traditional education is not suitable.

- The supply, content and forms of adult education should be developed so that it responds flexibly to the demands of working life. It should also be close to actual working life and tailored to companies' specific needs. Integrated education and training for young people and adults, as well as vocational skills examinations in vocational education should be developed further. Workshop activities are a good means of sup-

porting those young people and adults whose vocational orientation and linking to working life need improving.

- It is possible to increase competitiveness and productivity, social and regional equity, and citizens' welfare and life quality by making use of the available information and communication technologies. Being left outside the knowledge society is discriminatory, and the most vulnerable groups are unskilled labour force, school drop-outs and ethnic minorities.

- Structural funds could be one means of promoting transparency, awareness of the nature of problems and dissemination of innovative solutions in respect of all the questions dealt with in this section.

14) *How can the bridges between school and working life and the quality of young people's employment be improved? What role should social dialogue play? What can dialogue with civil society, in particular youth organisations, contribute?*

- Co-operation of the public governance and the social partners is one prerequisite for achievement of the joint educational and employment objectives for adolescents.
- On-the-job training and flexible joint education programmes of the educational system and working life (e.g. apprenticeship training) can be increased to enhance the interaction between working life and education.
- Effective information, advice and guidance services are needed to support young people's vocational choices and careers, as well as in support of obtaining employment, both when studying and after completion of studies.
- A precondition for creating better employment prospects for young people is that the bodies and parties that can influence this issue internalise and concretise this objective in their operations. Services should be developed so that they support the quality of employment. Measures to support the employment of young people can be used to influence the workplaces that obtain support, as well as the conditions for obtaining support, such as fixed-term employments.
- Youth organisations influence, for their part, young people's attitudes towards education and work as well as support considerably their involvement in society.

15) *What forms of solidarity can be fostered between young people and elderly people?*

- The objective is that people of different ages can feel that their responsibilities and rights are balanced and legitimate.
- Finland has prepared itself for long-term challenges of the public finances by increasing the prefunding of pensions, reducing public debt and reforming social security and taxation so as to encourage employment. Society must support purposefully activities that support and promote citizens' health and functional capacity, active ageing and independent living of older people.
- The interaction between people of different ages in working life should be strengthened. Then the fresh knowledge obtained by younger employees through their education and the skills and experience of people who have been longer on the labour market are combined at the workplace, which narrows the gulf between the generations and enriches the work environment.

- There must not be legally binding care and maintenance obligations between adult relatives belonging to different generations. The state and local authorities shall see to it that the population obtain the social and health services they need on an equitable basis irrespective of their place of residence.

- With the increasing elderly population it is important to encourage active participation and various types of voluntary activity so that older people in good condition can, if they so wish, contribute to activities that do not compete with paid employment. (Cf. reply to question 21.)

16)

a) *How can the organisation of work be modernised, to take into account the specific needs of each age group?*

- When considering flexible working time arrangements attention should also be paid to the advantages of shorter workdays. Flexible working time is a response to the needs of older employees resulting from their weakened physical capacity for work and to the various needs of families with children.

- Flexible working time arrangements can promote the reconciliation of work and family life. Different age groups have different life experience, education and needs. Mutual interaction in a workplace community can enrich and contribute to a good atmosphere at work.

b) *How can young couples' integration in working life be facilitated and how can we help them to find a balance between flexibility and security to bring up their children, to train and update their skills to meet the demands of the labour market?*

- The fertility rates are relatively high in the Nordic countries, which have supported the reconciliation of work and family. However, the simultaneous demands related to studies, work, setting up a family and obtaining housing are often too big with a view to achieving the population replacement rate (2.1). See also reply to question 3.

- Young people are today better educated than any of the previous generations. Their knowledge and skills should be made better use of, among others, by means of innovative and flexible working time arrangements.

- In learning organisations the updating of skills takes place through a continuous learning process. For that, individual opportunities to complement the basic education as well as possibilities for reorientation are needed.

c) *How can we enable older people to work more?*

- The aim of the pension reforms carried out in Finland in the previous ten years has been to encourage ageing people to continue longer at work. The pension reforms that entered into force at the beginning of 2005 encompass several measures to make remaining at work more profitable financially. Apart from financial incentives, altered age limits for entitlement to early retirement pensions and rehabilitation, also measures of a more general nature that change the content of work are needed to achieve the aim mentioned above. According to Finnish studies, factors that encourage staying on at work to a greater extent than financial incentives are the atmosphere at work, challenges of the work, and foremen and leadership.

- The increasing skills requirements in working life presuppose expansion of adult education in all age groups. A particular challenge for adult education is to update the skills of the ageing population so as to respond to the demands and expectations of

working life. It is particularly important to encourage both employees and employers for life-long learning.

- Training and rehabilitation should be prioritised as often as possible instead of disability and unemployment pensions for ageing employees. Improved opportunities for training and transfer to other work should be provided for persons that due to weakened health or special demands related to their work are not able to continue in their present occupation until the general retirement age.

17) *How can work organisation best be adapted to a new distribution between the generations, with fewer young people and older workers?*

- See replies to questions 15-16.
- When steering the change of work organisation special attention should be given to transfer of the tacit knowledge between employees in different age groups.

18) *How can the various stakeholders in the Union contribute, in particular by way of social dialogue and civil society?*

- Different stakeholders (in particular the social partners and science community) can best give their contribution by taking part in the discussion and in practical development of working conditions at workplaces. The financing, implementation and dissemination of the innovative pilot projects should be a central element in the Structural Fund programme.

19) *Should there be a statutory retirement age, or should flexible, gradual retirement be permitted?*

- The pension reform that was effected at the outset of 2005 in Finland encourages people to stay on at work longer and enables at the same time a flexible retirement on a pension. People are entitled to continue at work until the end of the year when they attain the age of 68 years. Those who wish to retire on the old-age pension they have earned at the age of 63 years can do so. It is also possible to retire on an early disability pension at the age of 62 years. According to the reform, pension accrues for those under 53 years from all earned income at the rate of 1.5 per cent a year. In order to encourage continuing at work, pension accrues for those aged from 53 to 62 at the rate of 1.9 per cent and for those aged from 63 to 67 at the rate of 4.5 per cent a year.

- The retirement age should be as flexible as possible and the remaining at work of older employees should be favoured by revising the rules on pension accrual.

20) *How can elderly people participate in economic and social life, e.g. through a combination of wages and pensions, new forms of employment (part-time, temporary) or other forms of financial incentive?*

- The basic structures of social protection that safeguard people's health, income and welfare also improve their opportunities to stay on at work and take an active part in social life. The Finnish system encompasses, among others, social security benefits, social welfare, health care, occupational health care and diversified rehabilitation services. In 2004 occupational pension related rehabilitation became a statutory benefit linked to an earnings-related pension.

- In recent years the employment of people aged from 55 to 64 years has increased in Finland markedly faster than in the other Member States. In 1997-2003 the

employment rate of ageing people rose by almost 14 percentage points, although the average employment rate only increased by about 4 percentage points.

- The most important issue is to make work more attractive and motivating by means of various positive measures.
- It is vital to examine the need for increased tax-related and other incentives and for removing obstacles to paid work in order to increase paid work by ageing employees and the supply of and demand for voluntary work.

21) *How can activities employing elderly people in the voluntary sector and the social economy be developed?*

- Finland finds it important to make use of the potential of people who have attained retirement age in both working life and other activities. Supporting the activity and resources of older age groups and paying more attention to their functional capacity is the best policy on ageing. (Cf. reply to question 15)

- As regards the development of care and social services for older people, the public services can be complemented considerably by both private companies, voluntary work, communities and NGOs. It is probable, for instance with the increasing number of single-person households, that communality will be emphasised and older people's peer groups and social networks in organising everyday functions will become more general.

- There is a long tradition of NGO activities in Finnish society. The extensive and comprehensive NGO field provides a good foundation for the involvement of older people also in the future. Third sector organisations should consider creating models that enable older people's voluntary participation in NGO activities.

- Voluntary work by pensioners should remain genuinely on a voluntary basis. Access to help may not depend on voluntary assistance.

22) *What should be the response to pensioner mobility between Member States, in particular with regard to social protection and health care?*

- The income of pensioners moving within the European Economic Area and their right to health care must be ensured by EU legislation

23) *How should we be investing in health promotion and prevention so that the people of Europe continue to benefit from longer healthy life expectancy?*

- As life expectancy increases it is more and more important that a good and balanced life is made possible at all life stages. It is vital to strengthen and maintain health and functional capacity from the point of view of both citizens' everyday wellbeing and the development of society as a whole. A healthy population is a basic prerequisite for the economic growth and sustainable financing of welfare societies.

- Promotion of health and functional capacity from childhood to old age requires a life course perspective. The foundation for good health is largely created in childhood and youth. Factors that in the first place influence health are genotype and own lifestyle. The public authorities support the maintenance of good health by creating favourable environments.

- With the population ageing also the support for independent everyday living becomes increasingly important. Independent living in the own home must be sup-

ported by developing such housing, community and traffic environments that enable independent living even for persons with a reduced functional capacity. The achievement of these objectives requires co-operation from all sectors.

- Enhancement of the population's health and functional capacity thus presupposes the contribution of not only social and health policies but also integration of health promotion into all policies. They complement each other and can together considerably improve citizens' health and functional capacity.
- Purposeful efforts must be made to narrow health differences between both the different social groups and the sexes.

24) *The coordination of national social protection policies is due to be extended to long-term care for the elderly in 2006. How can this help to manage demographic change?*

- It is premature to evaluate in more detail the possibilities of the open method of co-ordination in long-term care at this stage. (See Finland's reply regarding the open method of co-ordination.)

25) *In particular, should a distinction be drawn between retirement pensions and dependency allowances?*

- In Finland pensioners can be paid pensioners' care allowance in addition to a pension. The aim of the care allowance is to support living and care provided in the own home for elderly people and people with disabilities, as well as to compensate for special expenses caused by illness or disability.

- There is reason to draw a distinction between pensions and the other benefits referred to in the question (e.g. pensioners' care allowance). It is question of separate benefits with different objectives and eligibility criteria. Earnings-related and national pensions secure the income of pensioners in Finland, whereas pensioners' care allowance compensates for the need for regular help, guidance or supervision caused by reduced functional capacity. Benefits payable because of loss of independence and need for help are to be granted on discretionary criteria.

26) *How do we train the human resources needed and provide them with good quality jobs in a sector which is often characterised by low salaries and low qualifications?*

- In Finland, a considerable proportion of municipal care staff is going to retire within ten years. Plenty of new, skilled staff is needed in particular for elderly care. A particular challenge for service provision is that there are a great number of small municipalities in the country, with less than 10,000 inhabitants.

- It is necessary to invest in skilled and motivated staff in the social and health care sector by taking care of an adequate provision of education and training, and by increasing the attraction of the sector on the labour market.

27) *How do we arrive at a balanced distribution of care for the very old between families, social services and institutions? What can be done to help families? What can be done to support local care networks?*

- In Finland the responsibility for organising care services rests with the local authorities. A great many issues can be solved in municipalities. With the demographic

change it will be more necessary than before to clarify the municipal responsibilities and to assess the effectiveness of the tools used in steering activities.

- Local authorities are preparing extensive welfare policy programmes and sector-specific programmes in support of decision-making. A dialogue and co-operation with different interest groups is of vital importance in this process.

- The objective of elderly policy is to maintain older persons' functional capacity as long as possible. Services are dimensioned from non-residential/outpatient services needed as a result of a minor reduction in functional capacity to the long-term care of the frailest persons in health-centre wards. In this way older people are guaranteed a right to independent living as long as possible, at the same time as the necessary services are secured and resources are allocated appropriately

28) *And what can be done to reduce inequality between men and women when they reach retirement age?*

- All through the 1990s the income distribution was more even among the elderly population than among the entire population in Finland. The comprehensive statutory pension provision together with taxation and other social income transfers has been a contributory factor to the moderate income differentials among pensioners compared to the entire population. The pension system guarantees an equal treatment of women and men. The national pensions scheme ensures a right to an own minimum pension for those who have not been in employment.

- The provisions on periods with no pay, which were revised in the context of the earnings-related pensions reform, promote the equality of employees. Pension accrues according to the same rules for both those with permanent employment and those with temporary jobs, and also for those employees who are, for one reason or another, on a temporary basis outside the labour market (e.g. owing to child care). This reform improves gender equality, since women have more often than men fixed-term jobs.

- Pension rights are based on the number of years in employment and the earned income during one's lifespan. Differences in the amount of pension between men and women are often due to women's lower pay level and men's longer careers. Women have often more breaks than men during their career, due to e.g. periods of caring for children. The implementation of gender equality can be promoted by remedying these grievances. Ultimately, gender-related differences can be balanced by adjusting the rate of the national pension and guaranteeing access to supported social and health services. An equal pay programme initiated by the Government together with labour market organisations will soon be completed.

29) *How can new technologies support older people?*

- The aim of the Finnish social and health policy is to support the living in the own home and functional capacity of older people. A stronger involvement of the population in maintaining their own health and wellbeing can be supported by making better use of the information and communication technologies. Use of new technologies can also contribute to a more effective provision of social and health services as well bring considerable savings.

- Assistive devices and new technologies can promote the functional capacity of older people when a person's functional capacity and participation are reduced due to an illness, disability or ageing. The possibilities of new technology have not been utilised to the full, however. An important area that should be developed is a more effec-

tive introduction of technologies that promote independent living, such as assistive devices, and communication, security and environmental control equipment.

30) *Should the European Union be promoting exchanges and regular (e.g. annual) analysis of demographic change and its impact on societies and all the policies concerned?*

- If it will be decided to use reporting of this kind, it should be integrally linked to the reporting methods that partly already exist, in accordance with article 143, and be based on the Commission's information production.¹

31) *Should the Union's financial instruments – particularly the structural funds – take better account of these changes? If so, how?*

- The present priority areas of the European Social Fund are either age-neutral or are mainly targeted to younger age groups. Projects related to the employment of ageing people have received much less attention. When choosing the priorities for the ESF programmes the focus should be clearly on solving this question. Furthermore, it would be important to develop age-sensitive education models, since older and ageing people learn in a different way.

- Ageing is also suitable as a perspective guiding the operations of the European Social Fund. In the EU's internal dialogue an exchange of experiences can boost the mainstreaming of practices at the level of the entire Europe.

- In order to make use of the innovativeness and experience of ageing people efforts should be made to improve attitudes towards them through a change of attitudes at workplaces. A campaign to that end could also be a project at the European level.

32) *How could European coordination of employment and social protection policies better take on board demographic change?*

- Systematic attention is already being paid at different European forums to co-ordination of employment and social policies from a lifespan perspective.

- The activities should focus on intensifying the implementation of the existing processes. When evaluating that intensification, account should be taken of the experiences gained from the revised Economic and Employment Policy Guidelines as well as of the evaluation of the open method of co-ordination.

- The European co-ordination should be based on the Employment Policy Guidelines, above all on incentives, active ageing and life-long learning. Besides them, attention should be paid increasingly to anticipation of the future and the choices of strategy based on that.

33) *How can European social dialogue contribute to the better management of demographic change? What role can civil society and civil dialogue with young people play?*

- It should be taken care that people belonging to different age groups and interest groups are adequately represented in the dialogue concerning labour relations and management of change, especially when discussing intergenerational responsibilities and obligations.

- The European labour market parties should focus on those matters that are essentially affected by their decisions and policies.
 - The most important of the roles of NGOs is linked to the formulation and implementation of European policies by means of appropriations allocated to NGOs from the different budgetary categories.
- 34) *How can demographic change be made an integral part of all the Union's internal and external policies?*
- The demographic change should be taken into account in those areas where its significance from the point of view of the economy, employment and social policy is exceptionally great.
 - The viewpoint can be linked integrally to the structural funds and the Lisbon Strategy and, as applicable, to the Strategy for Sustainable Development. It is also necessary to discuss the issue with the most important trade partners (e.g. ASEM) amongst other employment issues.

Main content:

By its Green Paper the European Commission draws attention to demographic changes and challenges in Europe, according to which the birth rates are declining, the mean age of working-age population is rising and longevity is increasing. The Green Paper also pays attention to social changes related to families, takes up issues related to the reconciliation of work and family life and lifespan thinking. The Green Paper also stresses that an adequate response to these challenges requires a purposeful implementation of the Lisbon Strategy in Member States. The Commission underlines in its Communication the similarity of the challenges and the need for joint discussions between all the Member States and various actors at the EU level.

The Commission presents as the criterion for why this theme is so important that the demographic ageing in the European Union and a future decline in the population may lead to a reduction in the economic growth from the present level of 2 – 2.25 per cent to 1.25 per cent. Therefore, the objectives of the Lisbon Strategy for the growth of employment, innovativeness and productivity are vital. In addition, it is necessary to reform the social protection systems so as to ensure their social and economic sustainability and their potential to respond to the challenges of the ageing society.

With its Green Paper the Commission starts the consultation whether ageing in Europe and preparing for it should be discussed at EU level and if it should, how. Finland takes part in the consultation by a reply in which replies and general observations given in this basic memorandum are presented.

The Commission arranged on 11 - 12 July 2005 a high-level conference on the theme in Brussels, at which the Finnish Minister of Social Affairs and Health Sinikka Mönkä-re gave an introductory address.

National consideration:

EU25 subcommittee for social affairs 11 April 2005
 EU29 subcommittee for employment affairs 15 April 2005
 Committee for EU Affairs 18 May 2005

Cabinet Committee for EU Affairs 20 May 2005

Parliamentary proceedings:

Grand Committee 20 May 2005

Social Affairs and Health Committee 31 May 2005

Finance Committee 7 June 2005

Employment and Equality Committee 15 June 2005

Future Committee 15 June 2005

Grand Committee 17 June 2005

REPRESENTATION PERMANENTE DE LA FINLANDE
AUPRES DE L'UNION EUROPEENNE

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GREEN PAPER ON DEMOGRAPHIC
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