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Go/sec/06105

14 OCT. 2005

European Commission
DG EMPL/E/1
J-2701/122
B-1049 Bruxelles

DG EMPL - CAD A/ 23543
Date: 18-10-2005
CF: E
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Subject : Consultation

Dear Sir or Madam,

We are pleased to send you the CEC position paper on the Green Paper "Confronting Demographic Change: a new solidarity between generations", COM (2005)94 Final.

Yours sincerely,

Maurizio Angelo
President



CEC Position on the Green Paper “Confronting demographic change : a new solidarity between the generations”

Introduction

The Green Paper “Confronting demographic change: a new solidarity between the generations”¹ intends to launch a Europe-wide debate and a consultation of European social partners about demographic evolutions and their consequences. CEC would like to join its observations on this publication, by answering some of the questions asked by the Green Paper but also by putting aside the points that seem too detailed to be discussed at the European level..

Two tendencies seem to act simultaneously. First, the fertility rate is not sufficient to reach the population replacement level. Therefore, from 2010, young people will start to decrease. Given the fact that they have already to face a later access to the labour market, the mass of young workers will be insufficient. Secondly, European population, like worldwide population, is ageing. It is obvious that European Union will soon be in shortage of workforce, and that the problem of financing the social security systems will increase.

The EU answer to these evolutions consists mainly in increasing employment rates. Hence, the Lisbon Strategy aims in particular at rising the retirement age of 5 years, at reaching an employment rate of 50% for workers aged 55-64, and at increasing women’s employment by 2010. This last target implies a strong commitment of national and local authorities, as well as an effective involvement of social partners to improve the balance between work and family life. We must also emphasize that, in the Commission’s point of view, ageing must no longer be considered as a problem, but as a natural evolution of our society. According to World Health Organization, ageing is a privilege and a societal achievement.

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

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

CEC admits that all EU countries will have to face the new challenges of demographic change, and that European Union appears as a natural forum for discussion on this topic.

However, CEC stresses that demographic challenges must not constitute a general justification to extend EU competences. It is true that these challenges concern many topics: social protection systems, work structure, immigration policy, health care, lifelong learning, youth policy, discrimination policy...An integrated approach is essential to apprehend ageing in a comprehensive way, but it should not lead to the adoption of binding legislation at the European level in fields which belong to national or regional political competences.

¹ COM(2005) 94 final, March 16th 2005.

For the CEC, it also appears that the most adequate scope to tackle demographic challenge at the EU level is the open method of coordination (OMC), or other comparable instruments of “soft law”. Such a method permits an exchange of best practices between Member States, maybe to find alternative and innovative ways to handle ageing. Existent processes within the OMC already take into account the question of demographic change.

Diversity among Member States, in terms of employment policies and social protection systems in particular, excludes a unique solution and “hard law”. Moreover, CEC states that the participation of all relevant actors, at all relevant levels is essential to ensure a comprehensive approach and public acceptance. Such a method would be in accordance with the principle of subsidiarity, as the diversity of national systems prevents from establishing a unique solution. Subsidiarity actually ought to be given a functional dimension: on both the national and European level, the role of the social partners should be strongly emphasized. Social partners must therefore be involved in all employment-related aspects of demographic challenge, particularly with regard to reconciling family life and professional life.

2° How can a better work/life balance help to tackle the problems associated with demographic ageing?

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

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?

As for the problem of women’s employment, CEC feels particularly concerned by the elimination of the gender-pay gap and by the development of care facilities for children and for the elderly. It is obvious that women, and especially women managers, have to face several pressures, mainly in relation with the balance between family life and working life. To balance the exercise of family responsibilities, Member States should firstly acknowledge the importance of ensuring an equal access to services, mainly to childcare services, to both men and women.

Besides, CEC welcomes the Lisbon recommendations encouraging the development of childcare structures (Member States should provide childcare by 2010 to at least 90% of children between three years old and the mandatory school age and at least 33% of children under 3 years of age). It is true that increasing caring structures can rise employment rates for women and, in parallel, create new jobs, requiring humanly competent people.

CEC adds that rewarding mechanisms can be envisaged for companies providing special facilities to mothers. Nevertheless, we consider that it belongs to Member States (or, in some cases, the regional level) to manage these systems, and especially to ensure that the created jobs in the fields of children and elderly care are declared, for instance thanks to fiscal incentives. EU should only define minimum rights necessary for a gender-balanced work-life equilibrium². CEC considers that the Commission’s questions are far too detailed and complex for the European level.

3° To what extent can immigration mitigate certain negative effects of demographic ageing? What policies should be developed for better integrating these migrants, in particular young people?

² According to the ULA, the directive on parental leave (96/34/EC) is a good example for this approach.

Concerning immigration policy, the recent Green Paper on an EU approach to managing economic migration³ affirms that it can be a part of the solution to population ageing, but it cannot be the only solution. It ought to be accompanied with other measures and be a part of a global strategy. CEC agrees with this analyse. But, briefly, two main problems emerge when it comes to economic migrations: integration and assessing the current needs in workforce.

According to CEC, the creation of an independent observatory may be a solution. It could define to what extent workers from third countries are needed. But the definition of admission criteria should still be left to the Member States, due to their different tradition and the sensitivity of the subject. As for integration of the economic migrants, CEC considers that they ought to be granted a specific and more generous treatment, in terms of social protection for instance, compared to other immigrants (except beneficiaries of asylum).

4° How can initial training and adult training schemes be improved? What can non-formal education and voluntary activities contribute?

How can the bridges between school and working life and the quality of young people's employment be improved?

The obsolescence of skills and knowledge can be an obstacle to the recruitment of older workers. Although their experience is obviously an asset, it is a real fact that older workers less participate to lifelong learning programs than the totality of workers⁴ (in 2002, about 5% of older workers, but about 14% of all workers). Managers especially have to upgrade their skills regularly to remain employable. Therefore, CEC encourages actions to reinforce their training and employability. For example, in Finland, older workers are offered individualized training plans⁵, and the Government established a special incentive for older workers to acquire basic computer skills.

These two measures are just an example of what can be imagined to increase the employability of ageing workers globally. Sweden has also succeeded in implementing a specific policy for older workers' lifelong learning, combining training and job placement. CEC and CCP (Spain) also stress the importance of strong connections between initial education and the labour market.

Finally, contrary to traditional prejudice, older workers are more employed in expanding economic sectors⁶. This means that employers and the public more generally should not continue to equate ageing workers with declining sectors. On the contrary, employers ought to consider older workers as an asset, due to their experience. For that reason, lifelong learning must be encouraged for workers aged 55-64, to maintain the level of their experience and skills.

5° How can the organisation of work be modernised, to take into account the specific needs of each age group?

How can we enable older people to work more?

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

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

³ Green Paper "On an EU approach to managing economic migration", COM(2004) 811 final.

⁴ Communication from the Commission, "Increasing the employment of older workers and delaying the exit from the labour market", COM(2004) 146 final p.11.

⁵ Policy set up from 1998 to 2002 called "National Program for Ageing Workers"

⁶ Communication from the Commission, supra, p.22.

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?

Attractive policies are obviously a relevant instrument to rise the retirement age and employment rates. On this topic, CEC stresses that the Green Paper does not take enough into consideration the necessity to improve work conditions and especially to set up individualized approaches of retirement. Older workers, and especially older managers, have special needs. Older managers, in particular have to deal with long working hours, sometimes inadequate with their health. They require attractive, safe and adaptable working conditions, since long-term illness or disability constitutes the second most important reason why workers retire⁷. However, improving working conditions concern every age group of workers.

The choice of fixing an age of retirement belongs to Member States only. EU action is only conceivable by means of framework agreements. Besides, CEC insists on the fact that the role of social partners at the enterprise level is particularly important in this field, and would consist in finding a personalised plan for the last working years. For instance, some older workers, suffering from physical diseases or aches, should be offered, in their enterprise, a less difficult position.

This debate should take into consideration that older workers are subject to age discrimination, at the recruitment level and then during their career in a company. CEC considers that the EQUAL initiative can play an active role in reducing age discrimination, by financing national projects.

Finally, older workers should be offered a progressive end to their careers. Negotiated work arrangements must be privileged to encourage them to stay in the labour market. For instance, in Spain, older workers can combine partial retirement with part-time work. Austria and Germany have also set up such an instrument. Specific outplacement services or financial support to hiring older workers should also be encouraged. But CEC states that, to remain effective, the choice of arrangements for older workers must preserve full pension rights. For instance, the average wages taken into consideration to evaluate the pension rights may exclude the last working years, when it corresponds with special working conditions (but this belongs to Member States' competences).

6° How can activities employing elderly people in the voluntary sector and the social economy be developed?

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

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

How can the coordination of national social protection policies can help to manage demographic change?

CEC considers that a deep change of attitude towards older workers and older managers is essential to reach an increase of the retirement age. European Union can incite Member States to launch a national debate about a new way of thinking retirement. Retirement should not be apprehended as an event or a "breaking point" anymore, we insist that it has to be progressive.

Another fact is that older workers are more likely to be "put aside" (or to be encouraged to retire) in case of company restructuring. In addition, in case of company closure, they do not

⁷ Communication from the Commission, supra, p.9.

look for another job and retire most of the time. Some Member States have set up specific systems for workers who have to face job losses. We think that all Member States should be encouraged to create such systems of job placement and speedy reactions to economic unemployment. For instance, in the UK, a considerable effort is done to provide advice, guidance and training programmes to avoid unemployment (and in particular long-term unemployment)⁸.

Moreover, the approach of age discrimination would favourably take in consideration the situation and needs of women aged 55-64 and of young people. The Employment Equality Directive (2000) is an important step towards real equality at work. However, it seems that a deep change of attitude is indispensable to ensure that older workers will remain in the labour market longer. Such an approach ought to aim at promoting social inclusion. The CEC encourages incentives towards older inactive generation, to combine financial support and inclusive activities to avoid marginal situations (“integrative assistance”). The Commission, in its Green Paper, proposes to involve its Youth initiative in the integrated approach of ageing and to organise new forms of solidarity between the generations. CEC welcomes this initiative and would like to emphasize on the necessity to facilitate and improve the entry of the youth in the labour market, by adequate encouragements on the European level to Member States.

CEC welcomes the extension of the coordination of national social policies to long-term care for the elderly. Member States are consequently determined to agree on common long-term objectives and approaches. These objectives should include a strong commitment to improve the care structures for dependant people, in order to relieve the pressure on women and allow them to look for a job or to change for full-time work, given that they are often in charge of caring for older kin.

Conclusions

Briefly, the main stake of demographic change is the adaptability of the European social model. CEC admits that rising the age of retirement is a solution to this challenge, but it is not the unique solution. Moreover, retiring must remain an individual decision and be adapted to personal backgrounds. The possibility to combine, during the last working years, retirement and part-time job does not aim at being imposed on every workers. We encourage negotiated arrangements which take account of the individual situation and needs. Consequently, the role of social partners has to be strengthened.

We stress the importance of lifelong learning to ensure the employability of ageing workers and especially of ageing managers. CEC reiterates its strong concerns for female situation in the labour market and invite the EU Commission to take into consideration the specific issues of women managers, particularly in terms of work-life balance.

Obviously, the question of demographic change is a vast area. The Commission should not use the Green Paper in order to take action in fields that are outside its responsibility. The EU action should principally consist in encouragements and support to national and regional initiatives.

⁸ The CIDA proposes to create a European institute to assess, thanks to managers’ observations, the needs of the labour market, to promote the mobility of managers aged 45-55, and to gather information about training proposed in the EU.



Green Paper on Demographic Change

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