



Recovery from the COVID-19 crisis: Do not repeat the errors of the 2008 Great Depression



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Executive summary

Beyond the immediate challenges to saving lives and maintaining functioning health care systems, the COVID-19 crisis is triggering an unprecedented economic shock to the EU and the world. Social justice, cohesion and solidarity between generations are at the heart of the European project and AGE is concerned that these principles might be put under pressure in the looming economic crisis. Therefore, AGE wants to present its contribution to the discussion on the recovery strategies. AGE urges to learn the lessons from the past 2008-2012 Great Recession and avoid repeating the same mistakes.

AGE calls for a renewed social, environmental and economic long-term strategy for the EU based on:

- Respect for human rights based on international standards
- European solidarity to raise the funds necessary to overcome the crisis
- Action plan to implement the promises of the European Pillar of Social Rights and the Sustainable Development Goals
- Investment into quality, person-centred long-term care systems and improve working conditions in the long-term care sector
- Support for informal carers
- Strengthening of preventive and public health on EU level and adopting a Health in All Policies approach
- Adequate social protection for all during and after the crisis
- Adequate income security, including for statutory pensions and beneficiaries of occupational and personal pensions
- Employment policies that foster recruitment and retention of older workers
- Promotion of digital and green skills for all age groups

AGE believes that the only sustainable way out to the crisis for the present and future generations is to implement the high ambitions the EU has for social justice and the protection of the environment, including the climate. This will be possible only through a generous financial stimulus and spreading reimbursement for the costs of the recovery along a very long term.

This is a working paper version of AGE's proposals for the aftermath of the COVID-19 crisis and will be updated in the future. For discussion, criticism, reactions or good practices relative to the points raised, please contact: philippe.seidel@age-platform.eu.

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Introduction

"Generations before us have built a Union of peace and prosperity, without peer or precedent in the world. Today, we face our own defining moment. [...] we can build a green, digital and resilient future for our Union"

Commission President Ursula von der Leyen, presenting the EU funds for recovery to the European Parliament, 27 May 2020

AGE Platform Europe, the EU's largest network of organisations of and for older persons, is deeply concerned about the impact of the COVID-19 crisis on the human rights of older persons and the social and economic situation of people of all generations in the EU. AGE supports the vision expressed in the statement by the Commission president above and expresses its proposals for putting it into action in the present working paper. While we truly are in a dramatic situation, responding to COVID-19 is an opportunity for action to better serve – rather than hinder – human rights for all in the longer term.

AGE already expressed its concerns regarding the immediate implications of the pandemic on the human rights of older persons in a separate statement¹. This paper addresses the mid- and long-term social and economic concerns of the ongoing crisis.

AGE and its member organisations feel that the principle and value of solidarity between generations is under threat, and that there is insufficient solidarity between member States. Urgent action is needed to maintain these values and steer the EU out of the crisis.

The economic crisis triggered within the last few months risks having a greater impact than the 2008 Great Recession and the ensuing public debt crisis. In light of increased support for populist parties and solutions in the past years, the EU's foundations and values are challenged, if the response does not respect, in a spirit of non-discrimination, European solidarity and solidarity between generations.

¹ <https://www.age-platform.eu/policy-work/news/covid-19-older-persons%E2%80%99-rights-must-be-equally-protected-during-pandemic>

Older persons in Europe will contribute their share to coming out of this crisis – indeed, they are already contributing, such as doctors and medical staff are returning from retirement, often as volunteers, to help struggling health systems to cope. They also are carrying the burden of the reduction of care services, especially in home care settings, as formal services become unavailable. New forms of solidarity between grandparents and parents have emerged thanks to online communication. Older people will continue to contribute as professionals, carers and volunteers also during the recovery. However they need to be enabled, supported and empowered to do so. The present crisis is an opportunity to learn from the lessons of the past and build more resilient social and health systems in the aftermath of the lockdowns.

The European Commission had planned to publish a Report on the Impact of Demographic Change before the COVID-19 crisis, triggering a reflection process about solidarity between generations and how to address the challenges and opportunities of demographic change. The COVID-19 crisis adds on this process and makes it even more urgent, as the efforts of all generations will be needed for the economic recovery. The Report has been postponed to take the impact of the crisis into account, however it should not be postponed for too long and the announced Green Paper on Ageing should not be delayed.

Context: the depth of the COVID-19 crisis

The economic impact of the COVID-19 crisis is tremendous. In the first responses to the crisis, lockdown measures have a strong impact on key industries such as travel and tourism, large-scale manufacturing, retail or personal services. Stock market values have plummeted and shown a higher contraction than during the 2008 financial crisis. The impact on workers lock-down measures and sickness leaves are meaning that many people have lost employment² or cannot work as productively as before, especially in industries where teleworking is not possible. Persons with

2 Estimations by ILO suggest the destruction of some 195 million full-time jobs worldwide, of which some 15 million full-time equivalents in the EU. International Labour Organisation, [ILO Monitor 2nd edition: COVID19 and the world of work. Updated estimates and analysis](#). 7 April 2020 (retrieved 8 April 2020).

care responsibilities for children or older family members are struggling to combine employment and care. Shop-owners and other self-employed have entirely stopped their businesses, leaving them without income, while many employers have introduced temporary unemployment or already started mass dismissals³. Especially small and medium-sized enterprises often have not the financial buffers to stay afloat through lockdown periods and are likely to file bankruptcy. Unemployment is often facing those who have already been in precarious working conditions. At the same time, workers in the 'emergency economy': doctors and nurses, but also deliverers, grocery shops and other essential services face higher pressures to keep up with more colleagues on sick leave or precautionary quarantine.

The 2008 financial crisis and the ensuing 2011 public debt crisis had left the EU in a bad state with increased unemployment and part-time work, overwhelmingly affecting women.⁴ While on aggregate level, older persons increased their employment rates throughout the 2008-2013 economic crises as a result of pension reforms prolonging working lives, those who were laid off, especially with low education levels, had immense problems finding new employment. Youth unemployment and the rate of younger people not in employment, education or training soared. Poverty and social exclusion rates reached almost 25% in 2013, with very strong differences in poverty rates between member states. Public debt levels rose from 61.3 % of debt towards GDP to 87 % of GDP for the EU-28 between 2008 and 2014.

Reduction of this debt level to 79.3% GDP in 2019 was reached through growth, but also the reduction of many public services, some of which are vital for the most vulnerable citizens: health care, unemployment benefits, eligibility for minimum income schemes and pension reforms.

3 According to Eurofound, by 2 April 2020, 22 cases of large-scale restructurings for economic reasons have been recorded since the beginning of the pandemic, involving the loss of some 16,000 jobs. Eurofound, [Coronavirus: a labour market earthquake](#), Blog post of 2 April 2020 (retrieved 7 April 2020).

4 The employment rate fell from 70 % in 2008 to 68,4 % in 2013, with reductions mainly for workers with low education. At the same time, the EU saw an increase of part-time work increasing from 16.8 % of employed persons to 19 %. Eurostat, [Employment Statistics](#), Statistics Explained of May 2019 (retrieved on 07 April 2020).

The projected debt levels for after the COVID-19 crisis are estimated to rise to 103% of GDP in the EU⁵. While this increase in public debt is unprecedented in the post-war period and places a heavy burden on the generations to come, it is of utmost importance that it will not again be the most vulnerable and lower middle classes who have to stem this debt.

5 European Commission, [European Economic Forecast. Spring 2020](#). European Economy Institutional Paper 125, May 2020. p.5.

Recovery and rebuilding: putting people first

The principle of solidarity on which the European Union project is built should prevail over national interests. All actions to be implemented as part of the recovery plan from the COVID-19 crisis must reaffirm this EU's fundamental commitment to solidarity which must be applied at both among member states and between and within different population and age groups.

The EU has given itself already appropriate tools for a people-centred recovery strategy: it means basing the response on the EU Charter of Fundamental Rights and rights-based policies; developing a commonly agreed recovery strategy with national outcome targets; and taking very concretely as guidelines the EU's and member States' commitments under the European Pillar of Social Rights, Sustainable Development Goals and Paris Agreement.

➤ **A rights-based approach to recovery**

Human rights must be protected at all times, during the crisis and during recovery. Measures taken as response to the 2008 financial crisis have largely excluded older people putting their rights at particular risk. Older people's rights have also been widely deprioritized during the pandemic.⁶ This must not be the case during the recovery.

Reforms undertaken as a response to the pandemic can have adverse consequences on the enjoyment of human rights. Policies and measures adopted to cope with the crisis caused by COVID-19 must be anchored in and guided by human rights standards, including the *UN guiding principles on human rights impact assessments of economic reforms*⁷. According to these principles, States must systematically assess the impact of reforms on the enjoyment of all human rights by everyone. They are required to undertake human rights impact assessments before, during and after the implementation of reforms, to consider the appropriateness of different policy options and mitigate any adverse impact on human rights.

6 <https://www.age-platform.eu/policy-work/news/covid-19-older-persons%e2%80%99-rights-must-be-equally-protected-during-pandemic>

7 <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G18/443/52/PDF/G1844352.pdf?OpenElement>

Measures must not be discriminatory, and they must strive to ensure equal rights, with special attention to those in the most vulnerable situations, which often include older persons. Policies must be based on evidence. To date, there is not sufficient data on the impact of COVID-19. Collected data must be disaggregated by gender, age, disability, income, race and ethnicity to accurately assess the situation, render inequalities visible and target those most in need.⁸

The UN Secretary General has stressed that ***'it is critical that responses to this crisis specifically identify and prioritize older persons'***.⁹ He further called for addressing the structural causes that have left older persons behind and vulnerable during the pandemic. Special measures are necessary to ensure that older people's rights are not undermined during the foreseeable economic downturn. Older persons must be included in recovery initiatives and they must be regularly consulted regarding policy formulation, implementation and review.

AGE calls on the EU and Member States to undertake regular human rights impact assessments, gather data, identify actions to tackle inequalities and regularly consult older persons through their representative organisations.

➤ **Funding the recovery**

The economic and social crisis that followed the financial crash of 2008 were prolonged through an inability of the EU and member states to provide sufficiently large assurances and political will to show that euro member states are safe from default, will pool resources and avoid speculation. The Euro was hit unprepared at a stage where economic governance was lacking and a fiscal Union inexistent, leaving member states struggling with high levels of public debts as a result of bank bailouts. They were put on a path of austerity to aim for reducing this debt. Eleven years later, the sudden halt of the European economy due to

8 <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25786&LangID=E>

9 https://www.un.org/sites/un2.un.org/files/un_policy_brief_on_covid-19_and_older_persons_1_may_2020.pdf

the COVID-19 pandemic is estimated to have an even higher impact than the Great Recession.

It is crucial that the EU learns from its errors in the management of this new crisis. First and foremost, this means that the EU and member States must show solidarity towards another and make it clear to people and markets that they will not let each other down. The shock the EU is facing is symmetric, accompanied by a tense international trading environment and geopolitical risks, and the EU's export partners and international supply chains are challenged. **The situation is unprecedented and calls for unprecedented measures. Crisis relief is urgently needed for the medical and social sector first and foremost, but also for the millions of workers in all types of work faced with income loss and jobseekers whose chances of getting into work are suddenly reduced.**

Recovery will come at a price, and the elements of EU solidarity mentioned above should be used to spread the costs of the crisis over a longer period of time, making it more bearable, across income groups through the principle of progressive taxation. Austerity, as in having the most vulnerable pay for the crisis has not worked in the past and will only prolong the recession.

AGE urges that...

- all measures at the disposal of the EU's economic governance be used to avoid that the short-term halt is translating into a long-term recession with a huge social impact: financial measures by the ECB, increasing the size of the next Multiannual Financial Framework to allow for pan-European investment and crisis relief, usage of the European Stability Mechanism to fund national health-related measures as well as European pooling of credits. Such a mechanism should be based on the impact of the COVID-19 pandemic and no other conditionalities. All member States will benefit from such mechanism, as the crisis is affecting all of them;
- national red lines be overcome to reach a response based on solidarity, as all European member States are affected by the crisis;
- the costs of the recovery should be spread fairly across generations and income groups, including higher incomes.

It is vital that EU citizens see that European solidarity is working, to avoid another blow after the one that the European project took as a toll of austerity in the last crisis response.

➤ **Need for a new European social, environmental and economic strategy**

The COVID-19 crisis coincides with the end of the Europe 2020 strategy. This strategy set EU-level and member State-level targets in social, environmental and economical domains, pursued through the mutual review process under the European Semester. The employment, poverty and social exclusion targets of the EU2020 Strategy have not been met and while the Social Protection Committee¹⁰ has undertaken an evaluation of the EU2020 Strategy, the Commission has not undertaken any evaluation besides the regular social monitoring so far. First and welcome steps have been taken by the von der Leyen Commission towards a Green New Deal as a growth strategy taking into account environmental commitments, but this has not yet reached the state of a strategy with agreed, member State-level targets.

The new strategy should implement the EU's commitments on social rights, environmental sustainability and allow for economic recovery. Its stance should be expansionist, targeting spending into sustainable investments and consumption. An approach could be to reduce the tax burden for small and medium-income groups, who are more likely to spend additional resources than to save them. This could be flanked by social services that are available to all, including those who are below taxable income thresholds. The new EU strategy should affirm the value of social security as an automatic stabiliser in crises.

Investment should be channelled into health and social care, education, accessible public mobility and other green investments to build resilience of EU citizens in an era of transformations. Particular attention should be paid in preserving European industrial champions from foreign buy-outs and keeping company's capitalisation sufficient through moderation on dividends.

¹⁰ The EU's expert committee working on social protection policies, composed of one representative nominated by each member state's government and the European Commission as the secretariat

AGE calls...

- upon the Commission and member States to reflect on the benefits and shortcomings of the Europe 2020 Strategy, involving social partners and civil society.
- on the EU Commission and Council to come up with a new recovery strategy, based on the EU's social and environmental commitments, with an expansionary stance and an emphasis on social justice.
- on the European legislators to fully integrate the social and environmental commitments of the EU (European Pillar of Social Rights and Sustainable Development Goals) into the new proposal for a Multiannual Financial Framework and the new European recovery instrument Next Generation EU.

➤ **European Pillar of Social Rights and Sustainable Development Goals as guidelines**

The European Commission has committed to adopt an implementation plan for the European Pillar of Social Rights (EPSR) and to base the European Semester on the UN Sustainable Development Goals (SDGs). This is a welcome process, as the SDGs and the EPSR encompass much wider domains than the previous EU2020 Strategy. **In the context of the COVID-19 crisis, all principles of the Pillar of Social Rights should come into place**, proving that the 2017 solemn declaration of these rights by all EU Institutions and Member States and were not just a sunny-day promise, but that they are also respected and promoted during and after these rainy days.

Several principles are particularly important during and in the aftermath of the COVID-19 crisis, besides the SDG's promise to 'leave no-one behind'. They apply in terms of the adequacy of old-age income and pensions, facilitating the transition from work into retirement, or guaranteeing quality and affordable long-term care:

- The **right of everyone to health (principle 16) and the right to long-term care (principle 18)** is severely challenged by scarcity of resources, in particular in residential and home care settings. We have highlighted these issues in [our contribution on COVID-19 and](#)

[the human rights of older persons](#). The UN Secretary-General has outlined this also while presenting the [UN's policy brief on Older Persons and COVID-19](#).

- The **rights to equal opportunities and non-discrimination (principle 3)** are called into question by ageist approaches towards lifting lockdowns
- **Old-age income (principle 15) may be called into question** as member State are about to commit to large amounts of public debt, increasing the pressure in the medium-term future to reduce governmental spending
- **Minimum income schemes (principle 14) and unemployment benefit schemes (principle 13)** are under unprecedented pressure due to the sudden economic downturn with shop closures and mass dismissals, some of which have attained historic dimensions. The right to minimum income is defined “at all stages of life” recognising the challenge of adequacy of minimum income schemes beyond the working-age population.
- The **right to work-life balance (principle 9)** is severely challenged under the current context, with schools and childcare centres closed and reduced services in home care settings.
- The **right to access essential services (principle 20)** is hampered by barriers linked to many services moving to an online-only access

It is also necessary to lead a discussion about our responsibility to avoid the looming climate crisis and **use the momentum of the COVID-19 related recovery and investment strategies to go towards meeting the climate targets** to which the world has committed, to allow for a healthy planet for the next generations.

AGE believes that...

- the new recovery strategy should operationalise the rights promised in the EPSR. There is a need for common targets, EU-wide and on national level, within the domains of the European Pillar of Social Rights

- the EU's environmental goals, especially in the field of climate policies should be maintained or strengthened and the crisis recovery used to put Europe towards an environmentally more sustainable path.

European Pillar of Social Rights as a compass for recovery

The European Pillar of Social Rights, Sustainable Development Goals and EU's environmental targets should guide a recovery strategy based on rights, solidarity between EU member States and between generations. Very concretely, this means paying special attention to certain principles in the action plan on implementing the EPSR, taking into account the lessons of the past and of the COVID-19 crisis. This involves focussing on health and long-term care services, including informal carers, ensuring adequate social protection for all, inclusive and supportive employment policies and reconsidering the role and functioning of financial savings products.

- **Importance of quality, person-centred health and long-term care services**

Relevant EPSR principles: 18 on long-term care, 16 on health, 17 on inclusion of persons with disabilities

The COVID-19 crisis has exposed how in many member states, the past reduction of budgets allocated to health and long-term care have affected their capacity to respond to crises. Evidence of residential care homes not having access to testing nor protection equipment despite a high number of COVID-19 cases in some member States also expose the shortcomings of the long-term care sector.

The **needs for health and long-term care are increasing** due to population ageing, as noted in the last Ageing Report 2018¹¹ and the report of the High-Level Task Force on Investing in Social Infrastructure in

11 European Commission, [The 2018 Ageing Report: Economic and Budgetary Projections for the EU member States](#). European Economy Institutional Paper 079. May 2018.

Europe.¹² It becomes even more evident that investment into person-centred, quality care is urgently needed and should be carefully planned to improve the responsiveness to shocks of national systems across the EU, as medical experts predict more crises to follow. Care services should be present in all the territories, even sparsely populated ones. This will improve the responsiveness to shocks of national health and long-term care systems across the EU, as medical expert predict more crises to follow.

The vast majority of care work is performed by informal carers: family or friends who take off their own time to assist persons in need for care and assistance. Some informal carers, predominantly women, have to reduce or stop employment to be able to fulfil this responsibility: 28% of women aged 50-64 are caring for a person over 75 and an increasing 18 % of the EU's workforce considers that they have a poor fit between their jobs and private lives.¹³ This has been even exacerbated by the crisis, as day-care and respite care services have closed down or reduced their services. Even less than residential long-term care facilities, informal carers have not been considered as part of the 'first line', and by and large have not been provided with protective equipment, access to testing and information during the crisis. The EU's response to the crisis should fully recognise the role of informal carers and provide day-care, respite care and training.¹⁴

AGE calls...

- on the Commission to draw the lesson of the COVID-19 crisis in its upcoming recommendations to member States in the field of long-term care. It should coordinate member States' actions towards investing sufficiently into health and long-term care to ensure

12 The report estimates the investment gap into social infrastructure at EU level at 170 billion euro per year. See Franssen, Lieve et al. [Boosting Investment in Social Infrastructure in Europe](#). European Economy Discussion Paper 074, January 2018. p. vi.

13 Eurofound, [Striking a balance: Reconciling work and life in the EU](#). Working Conditions Series, 2018.

14 In the Austrian region of Burgenland, informal carers who have to stop employment are fully recognised, receive free training and are employed by the region as public employees, including full rights to vacation and other employment-related rights. Cf. <https://aktuelle-sozialpolitik.de/2020/01/15/neue-wege-fuer-pflegende-angehoerige/>

sustainable and quality care systems, taking into account demographic change.

- for informal carers to be fully part of an upcoming initiative on long-term care to strengthen their access to day care and respite care, training and peer counselling, as well as improving their ability to combine work and private lives.
- for massive investment in health promotion, disease prevention and quality long-term care, which is crucial to make our health and social care systems more resilient to crises such as the COVID-19 one. The EU Coronavirus Response Investment Initiative (CRII) and its extended package CRIIPlus are most welcome steps and should be used to support EU Member States and regions in mobilising essential investments in the most exposed sectors, notably to strengthen the provision of health and care and other essential services to support those most at risk and severely hit by the pandemic crisis.

The COVID-19 crisis shows how important national and local healthcare systems are, and how **non-communicable diseases (NCDs)** such as diabetes, asthma or cardiovascular conditions aggravate the impact of infection-related diseases. The prevalence of NCDs is projected to increase due to demographic ageing.

The NCDs associated with higher fatality of COVID-19 patients are often also associated with environmental conditions, such as air pollution. This shows how Europe's climate and demographic challenges are intertwined and require urgent and coordinated action at all levels of governance.

AGE calls for ranking the establishment and preservation of healthy living environments higher on the policy agenda in the aftermath of the crisis and in the Commission's planned initiative on long-term care, to alleviate the amount of care needs that can be expected due to demographic change.

The importance of **universal access to health services** is clearly shown: persons living in countries with coverage gaps in health insurance or high co-payments for patients might see under-diagnostics of COVID-

19 disease, as patients cannot afford to seek medical advice and may be forced to continue to work due to lack of social protection in case of incapacity to work. This may delay the policy response in light of lower infection statistics than reality on an aggregate level and life-saving treatment for patients on an individual level. It also increases the risk of faster spread of infections as people will delay quarantine or self-isolation.

AGE calls for specific attention on making health and care systems universally accessible and eliminate financial and accessibility barriers to receive care as part of the Action Plan on the European Pillar of Social Rights and socio-economic guidelines by the Commission to member States after the crisis.

➤ **Social protection for vulnerable groups**

Relevant EPSR principles: 12 on social protection, 13 on unemployment benefits, 14 on minimum income, 15 on old-age income

Solidarity mechanisms in access to social protection are crucial to enforce the right to social protection for all. Yet, according to the Commission's Analysis in the 2019 Pension Adequacy Report¹⁵ gaps still exist for many groups, for instance persons with disabilities or chronic diseases, persons with career breaks due to care responsibilities or long-term unemployment or migrants,. Self-employed are also less likely to be covered by statutory social protection systems, and their pensions are on much lower than average.

To mitigate the **social impact of the crisis, minimum income and basic income schemes** have a key role to play, as shown by the plans about introducing basic incomes in Spain. AGE has been calling for an EU Framework Directive on Minimum Income for years,¹⁶ provided these would be based both on the at-risk of poverty threshold and reference budgets based on representative baskets of goods and services for

15 European Commission, [Pension Adequacy Report 2018. Current and future income adequacy in old age in the EU](#). April 2018.

16 Cf.: European Minimum Income Network [Thematic Report on Older People. What should a minimum income entail to live in dignity?](#) Learnings from France, Ireland and Poland. November 2014.

different locations, age groups and household compositions. The EPSR principle on minimum income calls for schemes that allow to live in dignity in all stages of life. It is urgent to implement this on EU and national level.

Solidarity mechanisms allow to compensate for some of these situations, while supplementary pensions (occupational or third-pillar) are often not accessible for persons in these situations. The COVID-19 crisis is likely to exacerbate problems with pension adequacy for some of these groups, as many self-employed are unable to operate during the lockdowns, many are forced into unemployment or lose income (particularly when working with flexible or zero-hour contracts) and the expected contraction of economic activity. This shows the importance of solidarity mechanisms in statutory pension systems to mitigate at least partially the impact of the COVID19 crisis.

Another challenge is **linked to gender inequality in the labour market**: with school and day-care closures and reduced services for persons in need for long-term care at home, needs for informal care in families are increasing. This often means that mainly women, who on average earn 16% less than men, have to take time off their working time to provide this informal care. The (unadjusted) gender pay gap risks widening, exacerbating the gender pension gap of 40% already existing before the crisis.

Discussions about **funding the recovery** and the growing debt burden risk taking a turn of pitting generations against each other – some have already called for a special tax on older persons. Less bluntly, the experience from the 2008-2014 recession shows that fiscal balance has often been re-established by reducing indexation of pensions or reducing pension benefits. Repeating this would mean that especially persons on minimum pensions – which are hardly adequate in many member States – will face severe strains to make ends meet. **Instead, the burden should be shared between generations in the longer term.**

AGE supports...

- adequate minimum incomes to provide income security during the crisis, provided these are easily accessible and ensure living in dignity, in line with poverty thresholds and reference budgets and continues to call for a Framework Directive on Minimum Income Schemes, based on representative reference budget.

- calls for regulations on specific career breaks linked to the COVID-19 pandemic to be introduced for people with care responsibilities who have to reduce their working hours.¹⁷

AGE calls for...

- emergency credits or grants provided to self-employed, atypical and typical employees, to also cover foregone pension contributions to ensure that the crisis does not translate into a pension adequacy problem later on.¹⁸
- indexation in pension systems not to be reduced to ensure that even low pensions guarantee a dignifying standard of living. Indexation of pensions should at least keep track of the increase of living costs.

➤ **Employment policies: rapid EU support is needed to avoid layoffs**

The workforce in the EU is already under pressure as due to demographic change. The economic downturn will lead to restructuring, and companies may accelerate processes that replace workers by robots or digital means to maintain high productivity.

During the 2007 Great Recession, many younger and older workers lost their jobs. While for younger workers, this means loss of crucial first experiences in the labour market and an impact across their career, older workers needed on average more time to get back into the labour market and found themselves in a gap where they were too young to draw an (incomplete) pension and too old to be considered by employers.

Overall labour market statistics did not show this, as at the same time older workers who did not lose their jobs stayed longer in employment, resulting in increased employment rates on aggregate level.

17 For example, Germany has introduced measures to extend the number of days informal carers can take off their employment with remuneration by a care benefit from 10 to 20 days exceptionally, while increasing the flexibility for taking this kind of leave and reducing the notice period for requesting it.

18 Several member States were quite rapid to put together state aid for companies affected by the crisis; common critiques are that the access to these funds is bureaucratic, therefore benefiting rather large companies than SMEs. Ireland has a good practice, introducing a benefit of 350€ per week for anyone who lost work due to the current situation, even if income was below this amount.

Unemployment and long-term unemployment is a high risk for older workers, particularly in jobs formally requiring low educational attainment levels. Older workers in employment often are highly regarded because of their skills acquired through experience – which do not show in their CV once they have to find employment again.

Saving employment for workers of all ages is crucial to maintain a sizeable EU workforce and to continue benefitting from older workers' network, experience and skills.¹⁹

Short-term work schemes

Relevant EPSR principles: 10 on safe and well-adapted work environments; 13 on unemployment benefits

Temporary unemployment schemes, where employees are declared unemployed on a part-time and short-term basis, maintaining their employment relationship, have a great potential to cushion this period of lower employment without a too high individual toll. The Commission's proposal for a temporary European support scheme for short-term work, SURE²⁰, goes into the right direction and should urgently be adopted and implemented. Solutions can only have a noticeable impact if they are brought forward rapidly. The SURE scheme is designed as a system of loans to member States, backed by guarantees by all member States. Therefore it does not directly interact with jobseekers nor does it regulate national labour market policies, such as conditionalities to access benefits or active labour market policies.

AGE commends the rapidity by which the Commission has come forward with a proposal for a European unemployment reinsurance scheme to help member States finance short-term work schemes.

AGE calls...

- upon member States to constructively work on a rapid compromise to adopt such a scheme.

¹⁹ Henry, Carla, [How to ensure older workers fully participate in the recovery after the pandemic](#), ILO Blog, 25/05/2020.

²⁰ European Commission, [Proposal for a Council Regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency \(SURE\) following the COVID-19 outbreak](#). COM(2020)139 final, 2 April 2020.

- on the Commission and member States not to increase conditionality requirements to access unemployment benefits financed by SURE. Laid-off or temporarily unemployed should have an easy and non-bureaucratic access to short-term unemployment benefits.

Unemployment benefits, including for temporary unemployment, should be at an adequate level to ensure living in dignity.

Green and digital skills

Relevant EPSR principles: 1 on education and life-long learning,

The EU's projected response focusses on investing massively into the skills of those who will be hit by COVID19-related unemployment, especially in the more and more important areas of digital skills and skills needed in the green transformation.²¹ As such a major labour market upheaval is likely to accelerate long-term transformations, this idea seems sound and future-oriented.

Older people have often been forgotten in the past policies

regarding skills and life-long learning: while progress was made in the Europe 2020 areas of tertiary education, the levels of participation in adult education have not increased for several years, failing the target of the ET2020²² plan. The ET2020 target excluded persons from 65 years of age, therefore failing to take into account the increased challenges of persons who have left the labour market to keep up with technological developments and to fully participate in economic, civil and social life.

AGE recommends that future plans to strengthen investment into skills and life-long learning must be targeted as well towards older persons, including persons who are no longer participating in the labour market. This does not entail only making life-long learning

21 At the time of writing, no official source has been available to quote this plan, but it has been mentioned by Commissioner Nicolas Schmit to the media.

22 The Education and Training 2020 plan targeted an increase in the number of adults under 65 years-old participating in adult education and life-long learning programmes to 15 % - the rate has remained stable around 10-11 % for years.

and training opportunities formally accessible, but requires financial and geographical accessibility (including in rural areas), information and registration procedures that are also possible by other than digital means and opportunities that are suitable and useful in the lived reality of older persons.

For more information, please consult AGE's submission on the right to life-long learning, education and training to the UN Open-Ended Working Group on Ageing in 2019²³

Mutual learning on employment of older people

Relevant EPSR principles: 2 on gender equality; 3 on equal opportunities; 4 on active support for employment; 9 on work-life balance; 17 on inclusion of persons with disabilities

The EU has among the highest rates of employment of older persons, so a lot of experience exists in how to keep older persons in their jobs. Therefore the EU should draw the lesson and promote benchmarking, exchange of good practices and peer learning in this area. Especially Eurofound has established a number of reports summarising good and promising practices regarding employment of older workers:

- [State initiatives supporting the labour market integration of older workers](#) - Working Paper:
- [Extending working lives through flexible retirement](#)
- [How to respond to chronic health problems in the workplace?](#)
- [Working conditions and workers' health](#)
- [Working conditions of workers of different ages](#)
- [Striking a balance: reconciling work and life in the EU](#)
- [The role of motivation for sustainable work](#) - Working Paper
- [Changing places: mid-career review and internal mobility](#)

23 https://social.un.org/ageing-working-group/documents/tenth/Inputs%20NGOs/AGE_Platform_Europe_Education%20Training%20LLL%20Capacity-building.pdf

AGE recommends that in the aftermath of the crisis, and within the process of the Green Paper on Demographic Change, the Social Protection Committee organises a dedicated peer learning session on labour market integration of older workers, especially in the health and care sector.

Working conditions in the socio-medical sector

Relevant EPSR principles: 10 on safe and well-adapted work environments; 16 on health care

The COVID-19 crisis exposed the harsh working conditions in the social and medical care sector, which, put under stress, is not sufficiently able to operate. Reports about the lack of protection of workers and residents within residential care homes, leading to a concentration of COVID-19 infection among a population most vulnerable to the virus, are shocking and drag an unacceptable situation into the spotlight. Unfortunately, this is not surprising, as care sector workers have been alarming on unsustainable working conditions through collective action throughout the preceding years.

The workforce especially in the care sector is ageing, as one third of the health workforce of the WHO European Region was aged 55 or more in 2013.²⁴ This alone shows how the sector is challenged by occupational risks that may play out more in the later stages of a medical staff's career and the problems in recruiting younger workers to meet growing demands. In the current crisis, this is a particular challenge as residential care homes lack capacity to adequately protect care staff and residents from the virus, with both being at an increased risk to complications due to COVID-19. On World Health Day 2020, AGE called in particular for better protection and investment for health.²⁵

24 World Health Organisation Regional Office for Europe, [Core Health Indicators in the WHO European Region 2015. Special focus: human resources for health](#). 2015.

25 AGE Platform Europe, [Investment in health for all: the best reward we can give to nurses. Press release](#), 6 April 2020.

AGE calls for...

- urgently providing adequate equipment and all necessary support to care workers, clear guidance for residential, community and home long-term care services in the face of the crisis.
- in the longer term, for an EU-wide social dialogue to improve working conditions in the medical and social care sectors and investment to adequately recruit and retain care staff.

➤ **Financial products: limiting loss for small savers**

Relevant EPSR principles: 15 on old-age income and pensions

The very severe drop in financial markets, much faster than the one recorded during the 2008 financial crisis, and the responses by monetary institutions show the volatility of many defined-contribution pension vehicles based on funded pensions in the first, second and third pillar. The pre-existing very low-interest environment from before the crisis is likely to be extended for very long, due to policies to maintain liquidity of companies, so even pension vehicles with fixed interest rates or guarantees will be negatively affected by the crisis. **This also shows the importance of pay-as-you go mechanisms that can maintain pension provisions even in light of volatile financial markets, all while acting as automatic stabilisers for the economy.**

Lower income levels of women, but also gender segregation in occupational sectors leads to lower access of women to occupational and personal pensions. Therefore, **women rely particularly on statutory pensions** and the shift towards funded, private or occupational pensions does not benefit them.

To safeguard savings in funded pensions as much as possible, **full flexibility should be allowed for savers whose funded pensions reach maturity** – so that they may delay the pay-out of their pension until the stabilisation of financial markets, thereby limiting their losses.

The European regulator for occupational pensions, EIOPA, has already issued recommendations on this.²⁶

Further initiatives should be taken aiming to **reduce the costs of investment by individuals**, which often eat up the returns of pension products.²⁷ Particularly, biased advice in retail investment should be curbed by reducing inducements for financial advisers to favour recommending a particular financial product over another. Reporting by investment products in Key Information Documents should cover significant periods, at least 5 years, of past performance net of costs and fees to be useable for the average investor.

AGE calls for...

- assessing the impact of the financial market vulnerability linked to the COVID-19 crisis on funded pensions, in the 1st, 2nd and 3rd sector and particularly their impact on pensioners with lower pension entitlements, such as women or low-income workers
- full flexibility for savers who reach the pay-out phase of their pensions, to allow them prolonging the savings period until the stabilisation of financial markets, according to EIOPA's recommendations.
- reinforcing regulation on all types of retail financial products to make them understandable and accessible to investors, including through reduction of biased advice, and full disclosure of past performance and all costs and fees in an intelligible format.

²⁶ European Insurance and Occupational Pensions Authority, [Call to action for insurers and intermediaries to mitigate the impact of Coronavirus/COVID-19 on consumers](#), 1 April 2020.

²⁷ Cf. Better Finance, [Pension Savings: The Real Return](#). 2019 edition.

Conclusion

Addressing the current health and economic crisis are of immediate importance to safeguard the European way of life and values, and even the European project itself. However, it should not be overlooked that the EU and world was heading down an unsustainable growth path before the crisis. Conscious of our responsibility for the planet and future generations, AGE also warns against responding to the crisis simply by boosting consumption of unsustainable goods. Instead, the crisis should be used as an opportunity to fasten the adjustment of the EU's economy towards a greener and sustainable path.

Therefore, and despite the context of the health crisis, [AGE addressed a common call with the European Youth Forum on 28 April](#), the EU Day of Solidarity between Generations, for a post-pandemic world designed for everyone and for the planet. This should inspire EU leaders in the design of the recovery plan from the COVID-19 crisis:

"We must draw the lessons from the COVID-19 crisis lockdown and design together new ways to produce and consume the goods and services that people around the globe need for a healthy and decent life, now and in the future. Going more local and climate-friendly as citizens and consumers, should go hand in hand with stronger support and solidarity to all regions in the world which need to develop more stable economies and more resilient healthcare systems to cope with future pandemics."

Anne-Sophie Parent, Secretary General of AGE Platform Europe



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