

<http://www.etuc.org/a/1427>; 31.8.2005

Contribution adopted by the ETUC Executive Committee in their meeting held in Brussels on 14-15 June 2005

## **Confronting demographic change: a new solidarity between the generations ETUC Contribution to the debate started by the Green Paper**

### ***Introduction***

ETUC took a great deal of interest in analysing the Green Paper on demographic change and its implications for the citizens and for European society as a whole.

The Lisbon Strategy which is based on four pillars - growth, employment, social cohesion and sustainable development - is highly relevant and extremely useful in this discussion on demographic change because in a country or a region with high levels of unemployment and a lack of prospects for future growth and employment, demographic growth risks being seriously jeopardised.

Accordingly, the challenges resulting from demographic developments must be taken seriously. We think that it is necessary to place them correctly in context without exaggerating the risks and without forcing through solutions which, if not neutral in both social and economic terms, could have negative consequences in the long run.

The Green Paper provides us with an overview of the situation which could lead us to believe that Europe is in the midst of a demographic 'crisis', in other words, a long-lasting situation from which there is no escape. ETUC thinks that we are going through a demographic cycle, and that this cycle was, incidentally, foreseeable.

So, care must be taken with the statistics in the Green Paper. They must be taken into account, but the following must be borne in mind: they are meant to give an indication not a definite representation of the situation ('projections' are not 'predictions' and predictions are never 'realities'); the projections beyond a maximum of 25 to 30 years are not just hypothetical; they are overall figures which need to be adapted and refined on national and regional level and which cannot be used as a pretext for 'overarching' political solutions.

We also think that, in addition to these figures, there are other factors which influence demographic growth and demographic decline. Some of these factors are not addressed adequately, if at all, by the Green Paper, despite the fact that they have to form part of the discussion on demographic issues. Two examples of this are 1) the issue of reconciling work, family and social life, and 2) the issue of working and living conditions, which are key determining factors. Matters linked to housing conditions and family benefits will also have a role to play in the debate, essentially on the basis of the implementation of principles from the Charter of Fundamental Rights.

ETUC believes that the debate focuses too much on the issue of social expenditure, in the

broadest sense of the term, which is all too often presented as a cost, and even as a burden for future generations. The Green Paper does this too, more specifically when it deals with social protection and, above all, with the ambiguous use of the word 'reforming' social protection systems without incorporating the objective of 'improving' them. We would suggest that a modification should be made to the text with social protection being viewed as a 'productive investment'.

ETUC thinks that in order to respond positively to the challenges resulting from demographic change, an integrated approach is required within the framework of a pre-emptive strategy. A range of instruments, policies and players must be involved. The focus must be on life-long training, the promotion of quality employment, the negotiated adaptability of working conditions, the prevention of unemployment, including in company restructurings, and opportunities for retraining during the second part of a career within the framework of social protection systems which are better suited to people's needs and which do not focus on penalising individuals. Individual choices as regards managing careers and life cycles must be placed within the framework of collective guarantees. These policies also influence the behaviour of workers and therefore have an effect on their individual choices. This has repercussions for demographics.

ETUC's contribution will focus on the issues which we believe to be the most important for the successful management of demographics in Europe.

### ***Demographic change and labour market policies***

In the revised Lisbon Strategy and, more specifically, in the European employment strategy, the aim of creating and improving employment must remain the key concern. Active and inclusive labour market policies aimed at young people and older workers must be drawn up in close cooperation with the social partners. This requires defining a better policy to cover the entire duration of a career, which in turn is closely related to life-long training.

This is as much a matter of active and 'attractive' policies for young people in the labour market as of policies enabling older workers to opt for a gradual and active end to their careers. Moreover, to promote youth employment, regional mobility must be made easier and obstacles to professional and geographical mobility must be removed.

So that these policies can be pursued successfully, several instruments are necessary: resources from the Structural Funds, and in particular from the European Social Fund - optimal use must be made of these resources; the EURES network, whose operation needs to be optimised; public employment services which must be geared more towards older people and social dialogue at all levels.

Social dialogue is, in fact, particularly relevant and useful since the answers to some of the questions posed can be found within companies or branches regardless of whether they deal with:

- ▀ the promotion of a culture of forward-looking age management within companies both in terms of young people entering or older people leaving the labour market, and adapting methods to this, essentially using the options of gradual leaving whilst taking account of the arduous nature of the work;

- ▶ equal pay. In fact, contrary to what certain questions in the document may imply, it is not for the pension schemes to make up for wage inequality encountered during a professional career. At most they can 'correct' or lessen certain negative effects using collective solidarity mechanisms which they set up; in any case, action needs to be taken proactively, not reactively;
- ▶ measures allowing for a combination of retirement and employment;
- ▶ more innovative work organisation and human resource management policies;
- ▶ reconciliation of work and family life, relevant in all age groups;
- ▶ working conditions, health and safety, including defining and taking account of the arduous nature of work;
- ▶ training - initial or life-long training.

### ***Demographics and social protection policies***

In some people's eyes, demographic change is likely to pose problems for financing social protection systems, especially as regards public funding for these systems, and will encourage people to resort to private systems. However, if we take the example of financing pension systems, despite claims to the contrary made a few years ago, everyone now agrees that these developments will affect both public and private pension systems.

Also, if we run the risk of having, as some people claim, problems with financing social protection in the near future, this risk is not so much linked to the demographic cycle (since all countries have already anticipated its consequences and have already undertaken the necessary reforms, especially for pension systems) but rather to the fact that: many countries are reducing social contributions without compensating for this reduction using other resources, even if demand is continuing to increase; in terms of the management of the labour market, countries are depriving themselves of a dual potential of workers, and therefore also of social contributions, which come from young and older workers in the company. This is because young people are entering the labour market later and later, and when they get there are often employed in precarious and poorly paid jobs, and then when they are older, they leave the labour market increasingly earlier.

### **Actions:**

- ▶ Review the methods for financing social protection, which do not take sufficiently in consideration profits made by companies, therefore penalising labour-intensive companies and sectors;
- ▶ Find additional sources of financing in order to cope with new needs;
- ▶ Promote social protection systems for the benefit of social cohesion, fairer redistribution of income and genuine equal opportunities;

- Support pension payments which are linked to employment income, thereby enabling pensioners to be active in economic life instead of being 'assisted'. This will promote employment in order to meet new needs.

### ***Demographic change and migration***

Although many European Union citizens do not consider their countries as countries of immigration and are opposed to a more open policy towards migration - in contradiction with demographic realities - the reality is that today all EU countries are destinations for migrants from all over the world, especially from neighbouring countries.

International migration is on the increase for many reasons. The most important causes are related to the considerable economic, social and political gap between relatively rich, democratic and stable but ageing societies in Europe, and poorer, less stable but youthful and demographically growing societies outside the EU. The pull and push factors remain a reality on both ends and the link with the demographic challenge is inevitable. In this respect, migration is part of the reality and will have to be addressed as a positive challenge and not as a negative threat.

However, the ETUC considers that migration can only be part of the solution to Europe's demographic problems. The key issue to address is how to develop a more proactive migration policy, geared towards managing and not preventing migration, and how to get the support of Europe's populations for it.

ETUC's contribution to the Commission's Green Paper on economic migration [\[1\]](#) enumerates a number of key-elements of such a pro-active approach. We will not repeat them here. However, we would like to point out a few points for action:

#### **Actions:**

- the European and migration policy - even more so the one directly related to the functioning of the labour market and to possible labour shortages - has to be established in close consultation with the social partners both at national and European levels;
- in order to tackle labour shortages, we consider it fundamental to invest more and better in development of the competences and qualifications of young people, older workers, the unemployed and underemployed that are EU citizens or third country nationals legally resident in the EU;
- open up possibilities for the admission of economic migrants, by providing a common EU framework for the conditions of entry and residence, based on a clear consensus between public authorities and social partners about real labour market needs and guaranteeing equal treatment in the field of social rights;
- Such policy should acknowledge the major importance of strengthening the European social model in providing and maintaining basic protection for all Europe's inhabitants, to counter increasing feelings of social insecurity by millions of workers that may feed into racism and xenophobia, and to help the trade union movement play its cohesive role.

The situation of women - a major societal challenge for demographics

Women are key in the discussion on demographic change: they constitute an under-utilised pool of labour to face the labour shortage, they are one of the main actors in the provision of the future work-force; they are the key providers of both formal and informal care to children and the elderly; they constitute the major part of the older population due to their longer life-expectancy, making them more reliant on welfare provision in the long run.

Their role is primordial, and yet also fraught with problems. The main problems are linked to the enormous pressure put on women. They are expected to increase in a sustainable way their labour market participation; they are expected to give birth to more children; they are expected at a later stage in their lives to care for their grandchildren, as well as for their own parents and last but not least they are expected to take their share in 'active ageing'.

Statistics reveal a positive correlation, at macro level, between fertility, female employment rates and the existence of high quality and affordable services and infrastructures, encouraging the conciliation between work and family life. Hence high fertility countries, like the Scandinavian countries, also have high employment rates for women. Unemployment and precarious employment act as a brake on fertility rates, leading women to postpone their decisions to have children. Furthermore, precarious employment records have an impact on the standard of living in old age as pension provisions are based on employment records and wage levels.

Although women have increased their labour market participation over the past 30 years, there has not been an even development of the necessary measures to enable families to combine work and family responsibilities. Gainful employment has become the norm for women and the choice to have children or not has become dependent on the quality of the job, including the income and the permanence and whether there are possibilities to combine work and children. This means that women and especially young women postpone their fertility aspirations until they have obtained a certain security with regard to professional qualifications and labour market levels. This clearly leads to the perpetuation of the job segregation for women.

Hence, providing women and especially young women with a perspective on the ability to reconcile family and work and the ability to share this responsibility with their male partners and society, gearing welfare systems towards the changing realities of families and the labour market, combined with the emphasis on high quality employment for women in terms of contractual relationships and wages, are key in facing demographic change. Women have an interest in promoting change, in order for reality to better take account of their specific situation, but also to encourage men to take advantage of opportunities to play a full part in family responsibilities.

### **Actions:**

- Close the gender pay gap;
- Improve the availability of quality employment for women both in female dominated as in male dominated sectors;

- Improve parental leave and care provisions and make part of these provisions transferable between parents (so that more pressure is put on fathers to make use of these provisions), while making employees and employers aware of the benefits of taking up parental leave;
- Introduce mechanisms into social protection system, which acknowledge that lifecycles are individual and made up of periods of professional activity and inactivity, taking into consideration, where appropriate, time spent in informal caring;
- Ensure the availability of negotiated flexible working arrangements - including leave arrangements - for men and women that do not undermine their long-term participation and position on the labour market;
- Provide forms of universal, accessible, high quality and affordable child-care and elderly care infrastructures that do not hinder mobility on the labour market, and seek innovative ways of providing essential household services as well; such services should be present in the whole territory of the European countries;
- Promote the exchange of good practice in Europe on how to enable women and men to combine family life and professional life without prejudice to equal opportunities.

### ***Urgent need for an intergenerational contract***

The development of active aging strategies and assistance in getting young people onto the labour market lie at the very heart of a true intergenerational approach.

ETUC welcomes the launch of the European youth initiative in connection with the Lisbon strategy. This initiative should focus the necessary attention to the crucial issue of integrating young people into the labour market. We also believe that this approach will only be successful if it also addresses other problems faced by workers in general, and older workers in particular.

The issues of security, stability and, above all, quality jobs for all remain a priority for ETUC.

Active labour market policies must prevent all risks of social exclusion and discrimination against young and older workers.

ETUC calls for continuing to develop the revised European Employment Strategy to combat the difficulties faced by workers in general - both young and older workers - as regards employment.

Policies must be combined with measures to improve the situation for young and older workers on the labour market.

### **Actions:**

- Prevent long-term unemployment through education and training and by making smoother the transition school - employment - school.
- Guarantee access to high-quality education and professional training for all throughout working life accompanied by opportunities to develop and maintain skills.

► Support initiatives implemented by Member States for 'youth pact' programmes and measures that encourage solidarity between generations where social partners are involved at all levels.

► Promote the establishment of observatories on changes in professions and qualifications.

We must not forget that professional and life-long training are essential factors for ensuring that European workers, women and men, adapt to a continually changing environment. A knowledge-based society offers new opportunities for everyone, but care must be taken to ensure that it does not lead to the emergence of new categories of excluded citizens. Rather, this new society must ensure that everyone has the opportunity to acquire new skills, competencies and qualifications - or tools - to allow them to react to rapid changes in society and the labour market.

### ***The situation faced by young people***

Employment and the fight against unemployment remain fundamental, if not primary, concerns for young Europeans, just ahead of democracy and human rights.

Young people are indeed more fragile and vulnerable than their elders at a time when employment is particularly unstable.

For two thirds of young Europeans, employment means short-term contracts, part-time work without the option of working full-time, temporary work, seasonal work, undeclared work, child labour (which many wrongly believe is only a problem outside Europe) and so forth.

These experiences are combined with difficult working conditions, low wages, a lack of training, gaps in social protection and meagre career prospects. And the list could go on - particularly in the services sector.

Moreover, the employment situation is not without consequence for young people's daily lives: they are more financially dependent on the state and their parents; they continue to live with their parents much longer (staying in the parental home appears to be a decision that is primarily forced upon them due to the economic and social situation); development of interim situations between the parental home and their own accommodation (they have two residences, they return to the parental home after having moved out and also having their own accommodation but at the same time retaining close ties with their parents); living with a partner and starting a family later on in life; clear loss of hope (increase in the number of suicides and the number of young people taking drugs).

If we are to combat all these problems, then clearly we must look at a long-term future where young people are not part of the problem but rather part of the solution.

Encouraging young people to become independent today comes down to giving them back the right to make their own life-style choice(s) (personal and professional) and not, as is currently the case, in leaving them to cope with a situation that leaves them without hope for the future.

### **Actions:**

► Implement measures to prevent young people from dropping out of school.

- Implement specific policies for all young people that aim to integrate them into the labour market.

- Continue to make a commitment to improve the quality of jobs and to fight for decent work for young people by addressing the precarious nature of jobs for young people. Efforts must be made to promote health and safety at work and access to social security (which will also prevent some young people from moving into the informal economy).

### ***The situation faced by older people***

Longer life expectancy and therefore a greater number of older people is currently being presented as a burden that will become ever greater, particularly as regards the need for long-term care which tends to increase with age.

This is another area where proposals must be innovative and not primarily, or almost exclusively, directed at the family. Of course the family can play a certain role and appropriate assistance must be provided.

However, there are at least two important aspects that must be taken into consideration - firstly, there comes a time when providing care for an elderly person requiring long-term care goes far beyond the abilities -- not just financial but also and above all the physical and psychological abilities -- of the family concerned; and secondly, the concept of the family is changing. After all, who is the 'family' of a dependent elderly person when their children and/or grandchildren are far away as a result of employment-related mobility (search for and/or carrying out a job)? What does the concept of a family mean in broken homes and step families?

### **Actions:**

- A new perspective must be developed, the growing numbers of older people need to be seen not simply as a burden on society but rather as a means of support for younger generations, thus developing intergenerational transfers and contributions.

- Provision of long-term care must be guaranteed when it is provided in high-quality facilities and by qualified staff. Similar action needs to be taken in this area as has already been taken as regards childcare for young children outside the family unit, i.e. care provided in approved facilities and/or by qualified carers. This would then be a sector that would create recognised and qualified jobs and one that would be economically beneficial for social security resources.

### ***Conclusion***

ETUC is well aware of the fact that at both national and European levels we are still a long way off from adopting an integrated and multidisciplinary approach to managing demographic challenges.

We remain convinced that to successfully implement such an approach, the main players must keep to these objectives. Governments, companies, citizens, workers and the social partners must all work together to implement communication, information, training, regulatory and legislative measures that will help us to find the most appropriate solutions.



To help with the decision-making process, a scenario-based statistics tool, such as the one presented in the Green Paper, must go hand in hand with proactive scenarios that link demographics and citizen-oriented policies.

[1] Adopted by ETUC Executive Committee in March 2005