

ECOS-006

Brussels, 17 July 2002

**OPINION**

of the

Committee of the Regions

of 3 July 2002

on the

**Report from the Commission to the Council, the European Parliament,  
the Economic and Social Committee and the Committee of the Regions**

**Report requested by Stockholm European Council:**

***Increasing labour force participation and promoting active ageing***

**COM(2002) 9 final**

**THE COMMITTEE OF THE REGIONS,**

**HAVING REGARD TO** the Report from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, requested by the Stockholm European Council: *Increasing labour force participation and promoting active ageing*, COM(2002) 9 final;

**HAVING REGARD TO** the decision taken by the European Commission on 24 January 2002 to consult the Committee under the first paragraph of Article 265 of the Treaty establishing the European Community;

**HAVING REGARD TO** its Bureau's decision of 6 February 2002 to instruct the Commission for Economic and Social Policy to prepare the Committee's work on this subject;

**HAVING REGARD TO** the Commission communication on the future of health care and care for the elderly: guaranteeing accessibility, quality and financial viability, COM(2001) 723 final;

**HAVING REGARD TO** the Commission communication: Supporting national strategies for safe and sustainable pensions through an integrated approach, COM(2001) 362 final;

**HAVING REGARD TO** the Committee of the Regions' opinion on the EU economy: 2000 review, (CdR 469/2000 fin)<sup>1</sup>;

**HAVING REGARD TO** the Committee of the Regions' opinion on 1999 - International Year for Older People, (CdR 442/98 fin)<sup>2</sup>;

**HAVING REGARD TO** the Committee of the Regions' opinion on the demographic situation in the European Union, (CdR 388/97 fin)<sup>3</sup>;

**HAVING REGARD TO** the conclusions of the European Council meeting at the Barcelona Summit, 15/16 March 2002;

**HAVING REGARD TO** the final declaration of the United Nation's Second World Assembly on ageing, in Madrid, Spain on 8-12 April 2002 and the consequent plan of action;

**HAVING REGARD TO** the Draft Opinion CdR 94/2002 rev. 1 of the Commission for Economic and Social Policy, adopted on 17 April 2002 (rapporteur: **Mr van Nistelrooij** – NL – EPP, Member of the Noord-Brabant Provincial Executive);

**adopted unanimously the following opinion at its 45<sup>th</sup> plenary session on 3 and 4 July 2002 (meeting of 3 July)**

#### **1. Views of the Committee of the Regions**

1. The Committee considers the European Commission's report to be highly significant, not only because it focuses political attention on the ageing issue in the European Union and its social and socio-economic impact but also because it underlines the necessity of including an additional policy on the European agenda.
2. Increasing the labour force participation of older people is an essential element in tackling the ageing issue. Given the major impact of ageing on the labour market because of the low activity rates of older workers, the Committee endorses the target set by the Stockholm European Council to increase the average EU employment rate among older women and men (55-64) to 50% by 2010.
3. The Committee feels that if this ambitious target is to be attainable, short-term action is essential. The policy priorities set out in the report are an important starting point. The Committee considers it vital that, when implementing the policy proposals, greater account is taken of demographic developments in regions and local authority areas than has been the case so far.
4. Member States must transpose the European Council's target figure into the national action plans which they draw up under European employment policy. Given the important role played by regional and local authorities in labour-market policy in general, and in fostering the labour force participation of older people in particular, these annual reports must include "decentralised" labour-market developments. The Committee feels that this consideration must also be borne in mind in the 2003

assessment of the European employment strategy.

5. Clearly, the choice of tools used to meet the target is contingent on national, regional and local circumstances. That said, however, the Committee thinks that, to be successful, any action taken must be part of a comprehensive, balanced strategy. The Committee considers it desirable to pursue an integrated approach, not only in view of the close correlation between the labour market and social security and pensions, but also in order to strike a good balance between financial and social targets.
6. A comprehensive approach means that, in addition to measures designed to increase the labour-force participation of older people, other issues connected with ageing also have to be broadly addressed. These include pensions and health care. Both these sectors must adapt to the rapid growth in the number of people aged 65 and over. This category will be made up of two groups: (i) very old, dependent people with major care and nursing needs and (ii) active, healthy pensioners. Higher life expectancy also means that people are pensioners for longer. The existence of more pensioners – who are drawing their pensions for longer – makes a review of current pension systems essential.
7. The Lisbon European Council considered that adapting pension and health-care systems, and systems for care of the elderly, was one way of cushioning – as far as possible – the impact of an ageing society. As well as increasing labour-force participation, the Council also mentioned debt reduction. All the Committee would say on that subject in this opinion is that Member States have the potential for further public debt reduction, thus giving their budgets greater scope to meet increased ageing-related spending.

## 2. Committee of the Regions' recommendations

### 1. Labour-force participation: a broader context

1. The Committee endorses the overall thrust of the priority policy initiatives set out in the European Commission report. It notes, however, that the Commission report sees the whole issue very much in economic terms, in particular by laying stress on the need for older workers to have access to, and take part in, the labour market, since, after all, a job in older age can help boost personal well-being. The Committee would point out, however, that older people's well-being may also be determined by non-economic activities and making an important contribution to the "social economy". For instance, many older people perform voluntary work in their spare time and provide informal care. The Committee recommends that better recognition be given to the unpaid work done by older people.
2. The Commission report touches briefly on the status within the labour market of people with a disability. The Commission rightly notes that the vast majority of people with a disability are sidelined, yet it fails to submit any proposals to alleviate their social exclusion. The Committee considers it vital that the social inclusion of people with a disability should be high on the European, national, regional and local political agenda. In policy terms, the starting point must be (i) that people with a disability should have equal access to the labour market and should enjoy job security, (ii) that the guiding principle should be the United Nations' standard rules on the subject, and (iii) the numerous positive examples of integrating people with a disability – even serious disabilities – into the labour market, through national policies and especially through local programmes, taking into due account the results and experiences of projects financed by past

and present Community programmes and initiatives whilst at the same time guaranteeing the involvement, in relevant decision-making processes, of civil society bodies (NGOs, trade unions, voluntary organisations, social services) representing the interests of people with a disability.

Likewise, particular emphasis should be placed on ensuring that people with disabilities are able to remain in employment on a more long-term basis throughout their lives, and action should be taken to encourage this.

3. The Committee backs European Commission efforts to improve the status of women on the labour market. Although responsibility for increasing the labour-force participation of (older) women lies in the first place with local and regional authorities and with national governments, the European Union can play a key role, especially in promoting new insights into the issue and fostering the exchange of good practices. As local employers, local and regional authorities can apply these practices in a variety of ways within their own organisations in order to increase labour-force participation, particularly among older women.
4. The Committee regrets that the European Commission report fails to specifically address the relationship between older workers and ICT. It calls for a policy to deal with this problem, because access to the labour market – and people's ability to keep their jobs – are increasingly dependent on information and communication-technology skills. The fact that older workers often do not possess these skills substantially reduces their chances of working in ICT-sensitive sectors.
5. The CoR also draws attention to population ageing in rural areas, which results from urbanisation: young people moving away from rural areas to cities. This leads to a quick increase in the average age of the population in several rural areas and calls for specific attention and action. Similar phenomena can be identified in other outlying regions, be they mountain regions, island regions or those suffering industrial decline on the outskirts of large cities. At the same time, considering the rising trend amongst young families to leave city centres in favour of renting, buying or building their homes in residential areas, there is an urgent need to draw attention to the opposite phenomenon, whereby the centres of large cities are mainly populated by older people often living alone.

## 2. Lifelong learning

1. The Committee shares the Commission's view that a policy geared specifically towards older people is, in reality, limited and outdated. The Committee strongly advocates promoting the participation of older people in the labour force by spreading education, training and workload more evenly across a person's career. The aim must be a less rigid distribution of work, learning and leisure throughout life.
2. A key condition for achieving this aim is a fundamental change in the attitudes and behaviour of employers and workers alike. Changes in cultural and psychosocial factors must, among other things, lead to companies developing incentives as part of human resources management so that people have an interest in working longer and invest more in timely efforts to improve their own knowledge and skills. As well as an age-sensitive staffing policy, this also

requires that people be discouraged from taking up early retirement by introducing flexible pension rules and adapting the social security, labour and education systems.

### 3. Pensions

1. The European Commission feels that it is essential to support national strategies for safe and sustainable *pensions*. The mutually reinforcing policymaking areas that have an impact on pension sustainability (employment, social and economic policy) must be coordinated and integrated. To this end, the European Commission proposes applying the open coordination method.
2. The Committee feels that, in the coming year, it is important to examine the relationship between labour-force participation and older people and the implications for pension systems. It is important to consider the effects of pensions on government-budget balances in different countries. Pension-funding levels are low in many countries, and the future financing of pensions could become a problem if the pension-funding issue is not tackled right away. Crucial here is the goal of postponing retirement combined with a successful increase of labour participation. Making pension schemes more flexible, including integrated public/private systems, makes it possible for people to carry on working even after retirement age.

### 4. Health care

1. On the subject of *health care*, the CoR takes the view that in future, too, solidarity must continue to be the principle which underlies health-care systems. Member States' health-care systems differ from each other. What is imperative is that high quality health-care services be available to everyone at a reasonable cost. National approaches must be respected and differences in starting points taken into account. Besides placing emphasis on the goals of accessibility, quality, and affordability, as already expressed by the European Commission<sup>4</sup>, attention should also be given to the aspect of freedom of choice.
2. The CoR recognises that one of the factors determining the quality of health care is the way in which it is able to respond to the preferences of users. Policy must not be based on the health-care services available. Demand-driven services are helping older people, too, to have freedom of choice.

### 5. Migration

1. Worker mobility in the EU can make an important contribution to achieving the strategic goal set at the Lisbon European Council of making the EU into the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Freedom of movement for workers in the European market can be promoted by a large number of measures, such as the recognition of training and diplomas, the removal of socio-economic differences which hinder migration, and the like.
2. The CoR does, however, believe that migration does not provide a lasting solution to the problem of the ageing population. Account must, though, be taken of the fact that labour shortages will encourage more worker-migration in future.

A flood of workers may well migrate from the candidate states, in particular, to the present EU Member States. Given, inter alia, the demographic change which is likely to take place in these states, this may have a major impact on economic and social development in the candidate states. In the CoR's view, measures should be taken in these states to prevent a brain drain to the present EU Member States. In this context, too, regions can play a key role by making use of the "learning regions" concept. Ongoing dialogues can be established with regions in the candidate states to exchange knowledge and information on regional labour-market policy in general and how to increase older people's participation in the labour force, in particular.

## 6. Partnership

1. Regional and local authorities are ultimately responsible for developing and implementing a broad approach which promotes the participation of older people in the labour force. The CoR shares the European Commission's view that such an approach will prove successful only if there is close cooperation with the social partners and other relevant organisations in society, such as educational establishments. The positive experience gained by the Province of North Brabant in the Netherlands, together with dozens of other regions, in implementing the EU territorial employment pacts confirms the usefulness of such forms of cooperation. The territorial employment pacts provide for close cooperation with local authorities and the social partners in the field of labour-market policy. The CoR therefore urges that formal ratification be given to these forms of cooperation.
2. On such an important issue as the ageing population, the public must also play a vital role. Policies for cushioning the effects of an ageing population have no chance of success if they fail to show an understanding of the knowledge possessed by older people and their wishes. Thus, senior citizens should take an active part in decision-making. There is a clear economic necessity to take the elderly seriously: an aged society has significant consequences for the age distribution within the labour force, the future affordability of social security systems and the financing of care and services. However there is also a social necessity. The elderly themselves are more and more often the ones who stand up for their own interests and rights, being more emancipated than elderly generations before them and wanting to continue taking an active part in society.

## 7. Learning regions

1. Schemes under which regional and local authorities can learn from each others' experience ("*learning regions*") are, in the CoR's view, very valuable. The CoR calls upon the European Commission to take measures to establish networks between regions and local authorities which would enable data and examples of good practice in increasing older people's participation in the labour force to be exchanged between regional and local administrations where the demographic trends are comparable.
2. The CoR considers that the wealth of practical experience acquired in the different regions and sectors and (policy) performance comparisons provide a vital basis for establishing a strategy for increasing labour-force participation at regional and local level. The problem is that there is no clear overview of the measures which have been and are being taken at regional and local level. The CoR therefore reiterates the proposal it put forward in its opinion on 1999 -

International Year for Older People - that a vademecum of good practice be drawn up setting out the experience gained by local and regional authorities with regard to the occupation of older people.

3. The CoR would at the very least propose that there should be an EU conference on local and regional perspectives and practices on facing the challenge of an ageing population, and is prepared to cooperate with the Commission and other relevant partners (such as NGOs) on this exercise. In the CoR's view, it is important that the proposed conference discusses demographic trends at regional level, which may, moreover, differ considerably from region to region. In this respect the improvement of statistical information, especially in the accession countries has to be discussed. Reliable information does, after all, help to determine the choice of instruments, such as peer review or benchmarking, for tackling the challenge of the ageing population.

Brussels, 3 July 2002.

The President

The Secretary-General

of the

of the

Committee of the Regions

Committee of the Regions

**Albert Bore**

**Vincenzo Falcone**

<sup>1</sup> OJ C 253, 12.9.2001, p. 29

<sup>2</sup> OJ C 374, 23.12.1999, p. 36

<sup>3</sup> OJ C 251, 10.8.1998, p. 14

<sup>4</sup> The Commission communication on the future of health care and care for the elderly: guaranteeing accessibility, quality and financial viability, COM(2001) 723 final

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