DRAFT REPORT

on the demographic challenge and solidarity between generations (2010/2027(INI))

Committee on Employment and Social Affairs

Rapporteur: Thomas Mann
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the demographic challenge and solidarity between generations
(2010/2027(INI))

The European Parliament,

– having regard to its resolution of 14 March 1997 on the Commission report to the Council and European Parliament on the demographic situation in the European Union (1995)¹,

– having regard to its resolution of 12 March 1998 on the Commission demographic report 1997²,

– having regard to its resolution of 15 December 2000 on the Commission communication ‘Towards a Europe for all ages – promoting prosperity and intergenerational solidarity’³,

– having regard to the Commission green paper on ‘Confronting demographic change: a new solidarity between the generations’ (COM(2005)0094),

– having regard to its resolution of 23 March 2006 on demographic challenges and solidarity between the generations⁴,

– having regard to its resolution of 6 September 2006 on a European Social Model for the future⁵,

– having regard to its resolution of 21 February 2008 on the demographic future of Europe⁶,

– having regard to the Commission communication on ‘The demographic future of Europe – from challenge to opportunity’ (COM(2006)0571),

– having regard to the Commission communication on ‘Promoting solidarity between the generations’ (COM(2007)0244),

– having regard to the opinion of the European Economic and Social Committee of 14 March 2007 on ‘The family and demographic change’⁷ and its core proposal that the Member States should sign a ‘European Pact for the Family’,

– having regard to the Commission staff working document on ‘Europe’s demographic future: facts and figures’ (SEC(2007)0638),

⁷ OL C 161, 13.7.2007, p. 66.

– having regard to Article 2 and Article 3(3) of the Treaty on the Functioning of the European Union,

– having regard to Rule 48 of its Rules of Procedure,

– having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Women’s Rights and Gender Equality (A7-0000/2010),

A. convinced that a humane society is necessarily based on the principle of justice between the generations,

B. recognising that, if the economy and society are to achieve their purposes, they need the experience, input and wealth of ideas of all generations,

C. convinced that demographic change is manageable if it is properly anticipated and taken seriously,

D. whereas the Member States possess the main instruments for promoting justice between the generations (in the form of pension systems and healthcare provision) but the EU can take important initiatives based on monitoring, exchanges of best practice and action programmes,

**Principles and aims**

1. Defines justice between the generations as an even intergenerational sharing of advantages and burdens;

2. Argues that functional cooperation between the generations depends on the basic values of freedom, solidarity and justice and that it must be informed by mutual respect, responsibility and a willingness to care for one another;

3. Recognises that, happily, life expectancy is increasing and that, for more of their lives, people are active and involved in an independent and committed way in the life of society, but also that birth rates in the Member States have remained low for a number of decades, a situation that may place a heavy burden on rising generations and lead to conflict over burden sharing;

4. Takes the view that a policy for justice between the generations must aim to create the necessary bases and tools for conducting an open and frank intergenerational dialogue with a view to achieving win-win situations;

5. Considers it important to make clear that older people are not a burden on the economy and society, but rather – through their experience, their achievements and their knowledge – an asset;
**Transparency initiative**

6. Calls on the Commission and the Council to introduce generational accounting to inform and further develop the Eurostat sustainable development indicators (SDIs) in all the Member States and at EU level, with a view to producing reliable models and forecasts of payment flows and the degree to which each generation will benefit or be burdened;

7. Advocates a compulsory ‘generation check’ impact assessment to make clear the effects of EU and national legislation on justice between the generations and to permit long-term cost-benefit analysis;

**Education and employment policies**

8. Is convinced that open and equitable access to educational opportunities and job markets must be a core feature of policy-making for justice between the generations and that it lays the foundations for prosperity and independence;

9. Recognises that work means more than just paid employment and that older people contribute substantially, through their work at family and community level, to making our society more humane, and encourages governments to facilitate voluntary work and family care and to resolve issues of legal responsibility in that regard without delay;

10. Considers that unbalanced measures to reduce the age of a workforce will result not in a higher level of innovation but, on the contrary, in a waste of experience, knowledge and skills;

11. Deplores the fact that people’s patterns of employment are becoming increasingly uneven and insecure as a result of temporary work, the growth of short-term contracts, marginal employment and unemployment;

12. Is convinced that flexisecurity can ease the transitions between the various stages of people’s working lives, provided that it is based on solidarity between the generations and takes the concerns and needs of all age groups into account;

13. Emphasises that lifelong learning must be a central aim in all education-related measures and that it is something for which all generations carry a responsibility;

14. Stresses that demographic change should not be advanced as a justification for the dismantling of social entitlements and services;

**European Youth Guarantee initiative**

15. Emphasises that youth unemployment is one of our most pressing problems because it leads to denial of opportunities, exclusion, rising social costs and a waste of valuable human resources;

16. Calls on the Council and the Commission to make particular efforts and to devise practical measures – one of which should be a European Youth Guarantee – to ensure
that, after a maximum period of six months’ unemployment, young people are offered a job, an apprenticeship, additional training or combined work and training, with the proviso that those concerned support the process of their integration into work through their own efforts;

**Fifty-plus employment pact initiative**

17. Calls on the Member States and the Commission to ensure that the following aims are achieved under an expanded EU-2020 strategy:

i) increasing the proportion of the workforce, of both sexes, aged over 50 in paid employment to 55%,

ii) gradually eliminating early retirement and the financial incentives for it,

iii) increasing the proportion of people of all generations in initial and further training,

iv) developing incentives for workers over the age of 60 to remain available for work and for companies to recruit such workers;

**Age Management initiative**

18. Argues that older people’s employability depends on initiatives on the part of employers in the fields of health, further training, work patterns, job satisfaction and management behaviour, and that such initiatives should be devised jointly by the social partners;

**Intergenerational tandem initiative**

19. Calls for specific initiatives to promote mixed-age teams for work processes and suggests that companies taking such initiatives should be supported and that outstanding projects should receive recognition;

**‘Work without frontiers’ initiative**

20. Is convinced that it must be up to the workers concerned to decide for how long they wish to remain in work beyond national retirement ages;

21. Calls on the Council and the Member States to conduct an impartial review of upper age limits for certain jobs and posts and for eligibility for funding, no later than 2012, and to do away with such limits;

**‘Active Ageing’ initiative**

22. Calls on the Commission to conduct a review of activities related to healthy ageing and to present an action plan in 2011 for enhancing older people’s dignity, health and quality of life;

23. Calls on the Commission to develop a proposal for 2012 as the ‘European Year of Active Ageing and Solidarity between Generations’ which will highlight the contribution that older people make to society; welcomes the fact that many civil-
society organisations have declared 29 April a day of ‘Solidarity between Generations’;

**Family policies**

24. Emphasises that the family is the cornerstone of our society and is inherently associated with the transmission of values and with cooperation in a spirit of solidarity; emphasises too that work and family life are rendered compatible in all the Member States through the provision of affordable, high-quality care and education for young children;

25. Encourages the Member States to introduce measures to support parents, for example entitlement to additional allowances and tax relief for in-company crèches; likewise, encourages exchanges of proven good practice through the European Alliance for Families;

26. Advocates flexible working hours and job sharing as measures that contribute to compatibility between family life and work;

**Economic and growth policies**

27. Takes the view that tapping into new markets in the ‘silver economy’ offers a major opportunity for improving competitiveness and innovative potential and for boosting growth and employment;

28. Calls on the Member States to put in place framework conditions, and particularly to take innovative measures, that reflect differing regional conditions in this regard;

**Pension and budgetary policies**

29. Calls attention to the fact that social security systems face major challenges and that the risk of poverty in old age is increasing; argues that the priority concern in retirement provision is the ability to plan with certainty;

30. Underscores the fact that consolidating public budgets and effective debt reduction are matters of justice between the generations;

**Migration policies**

31. Takes the view that migration, combined with successful integration, is one of the ways of coping with demographic change and that too many people from a migrant background do not yet feel that they belong in the Member States where they live;

32. Is convinced that a sense of identification, participation on an equal footing and responsibility are prerequisites for successful integration and that integration can work only where immigrants are prepared to adapt and locals are receptive;

**Care policies**

33. Calls attention to the severe regional imbalances apparent in terms of demographic change, and the fact that it sets in train processes of migration away from rural and peripheral regions, with the result that structural transformations in social and health
care must be envisaged, funding must be made available for them and an intensive exchange of best practices must be undertaken;

34. Emphasises that, irrespective of their income level, age or social status or the degree of health risk they face, people must receive affordable, high-quality medical treatment and care;

35. Recognises what has been achieved in the field of care for older people and calls on the Member States to establish systems of regular, transparent supervision to protect the dignity of people who need care;

36. Takes the view that an EU-wide code of conduct for the provision of long-term care, outlining minimum guidelines and service outcomes, needs to be drawn up and to be adopted by Parliament and the Council;

37. Instructs its President to forward this resolution to the Council and the Commission and to the governments and parliaments of the Member States.
EXPLANATORY STATEMENT

Establishing justice between the generations will be one of the most pressing challenges for social policy at both European and national level in the coming years. Demographic change will continue over the early part of this century and its initial effects are already apparent.

Ensuring justice between the generations
The process of demographic change is producing a situation in which, happily, longevity is steadily increasing and people are also remaining physically and mentally active for more of their lives. On the other hand, birth rates in the Member States have remained low now for several decades, and the older generations account for an ever increasing proportion of the population. The limits of the intergenerational contract have been reached: solidarity, social justice and the stability of social security systems can be guaranteed only while the number of people receiving benefits is substantially smaller than the number footing the bill. If forecasts are correct, we cannot rule out a scenario in which the rising generations will carry a heavy financial burden and the issue of burden sharing will be a source of conflict. Such a scenario could be aggravated by financial, economic and social crises.

Enabling dialogue
The rapporteur recognises that the main instruments for bringing about intergenerational justice are in the hands with the Member States. The effects of demographic change have been discussed at numerous European summits but there has been foot-dragging on the implementation of the promises made there. In the rapporteur’s view, the potential for European added value lies in creating the necessary premises and tools for an open and frank dialogue between the generations, with a view to achieving win-win situations. The concept of justice must be more effectively translated into reality through fairness in terms of benefits, opportunities and participation.

Creating transparency
The rapporteur proposes a number of specific measures to create a basis for open dialogue. Transparency initiatives such as generational accounting should be used to produce reliable models and forecasts of payment flows between the generations and the degree to which each will benefit or be burdened. Compulsory impact assessments for legislation at European and national level should show how new laws will affect intergenerational justice and should facilitate long-term cost-benefit analyses.

Education and employment policies
Education and employment policies require particular attention. Open, equitable access to educational opportunities and job markets must be a core feature of policy-making for justice between the generations. It underpins the capacity of each generation to generate prosperity and achieve independence. Productivity can be increased by giving people access to lifelong learning and getting more people into work. Human dignity suffers when people are excluded.

The rate of employment among 55-64-year-olds is below the European Council’s Lisbon Strategy target for 2010 of 50%. By 2020 it is forecast that the total number of people in

1 Consultation in view of declaring 2012 as the European Year of Active Ageing and Solidarity between Generations, Commission, June 2009.
work will fall by three million. The labour market and the economy will undergo major structural changes and family structures will also change: there will be more ‘older workers’ (aged 55-64), more retired people (aged 65-79) and more old people (aged 80-plus) and, at the same time, fewer children, young people and adults of working age. The patterns of people’s working lives are becoming increasingly uneven and uncertain as a result of economic crises, temporary work, the growth of short-term contracts, marginal employment and unemployment. To counter this phenomenon, swift and decisive measures must be taken, in a lifecycle-orientated approach, to bring more younger and older people into the labour market. The concept of flexicurity and the EU 2020 strategy target of a 75% employment rate are important steps forward.

The proportion of people out of work in the 15-24 age group is considerably higher than that for any other age group in the EU. The proportion of students dropping out of school remains high and there is a danger that the Lisbon target of a maximum drop-out rate of 10% by 2012 will not be achieved. Highly qualified workers will be needed to do the jobs of the future. To get more young people into the job market, the rapporteur proposes the introduction of a European Youth Guarantee, under which every young person in the EU would be offered a job, apprenticeship, additional training or combined work and training after a maximum period of six months’ unemployment. The principle of ‘supporting and challenging’ needs to come into play here: the young people concerned will have to assist the process of their integration into the labour market through their own efforts.

With regard to older people, the rapporteur proposes that a ‘50-plus pact’ be concluded. This would entail expanding the EU 2020 strategy to provide for an increase of more than 55% in the employment rate among people aged 50, as well as the gradual elimination of early retirement and the incentives for it, an increase in the proportion of people of all ages in further and higher education and the development of incentives for over-60s to remain available for work. The economy and society need to take on board the message that older people are not a burden, but rather – through their experience, their achievements and their knowledge – an asset. The pact should be accompanied by specific measures such as the development of mixed-age teams within companies and steps to review and remove age limits.

Companies need to rethink their approach. New research by CEDEFOP shows that many employers still have prejudiced views about the capability of older workers. Initiatives need to be taken in the areas of health, further training, work patterns, job satisfaction and management behaviour. The social partners should collaborate to develop such initiatives and promote them within companies. The concept of older workers being equipped and encouraged to remain active beyond the normal retirement age must be more widely accepted.

Lifelong learning has to be a core concept in all education-related measures in the Member States. Estimates of future requirements for qualifications, made under ‘new skills for new jobs’ initiatives, show that a high proportion of the workforce possesses only basic skills.

**Family policies**
The average birth rate in the EU is 1.5 children, one of the lowest levels in the world. In many

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cases, structures enabling couples to have the families they would like are not in place. In order to increase birth rates, a child-centred policy approach is needed. In particular, problems of population ageing can be tackled by making it easier for people to balance work and family life. Affordable, high-quality care and education for young children must be made more widely available and measures to support parents must be taken.

**Policies for active ageing**
Active ageing means a process of maximising the potential for people to stay healthy, participate in the life of their communities and improve their quality of life as they grow older. The year 2012 is to be declared the ‘European Year of Active Ageing and Solidarity between Generations’, with a view to highlighting the contribution that young and older people make to society. ‘European Years’ have consistently proved to be a means of harnessing widespread political support and paving the way for increasing voluntary commitments to action.

**Economic and growth policies**
The rapporteur believes that one of the effects of population ageing is to offer a major opportunity for improving competitiveness and innovative potential and thus for boosting growth and employment. Framework conditions need to be established for tapping into new markets in the ‘silver economy’. These include markets for products and services geared to older people’s needs and to securing their independence and quality of life for as long as possible. In Germany alone, the purchasing power of the over-60s is worth around EUR 320 million annually and that figure is rising rapidly.

**Migration policies**
The question of migration needs to be considered in a worldwide context: the USA is increasingly dependent on immigration, whereas in Africa and the Middle East the impact of demographic change will not be felt until near the end of this century. In many countries, the effect of immigration has been to offset a falling birth rate or to maintain population growth. The consistent aim of migration policies must be integration, which entails identification, participation on an equal footing and responsibility. This in turn requires that immigrants be prepared to adapt and that local people be receptive to them.

**Pension policies**
Demographic imbalances have a considerable impact on the financing of social expenditure and the financial health of pension systems. By 2060, age-related social spending across all the Member States will account, on average, for some 4.75% of GDP\(^1\). Public spending on pensions could grow by 2.4% of GDP by that date. We clearly need to ask how we can ensure, in such a situation, that everyone has an adequate income in retirement. The rapporteur emphasises that consolidation of public budgets and effective debt reduction must be central to any effort in this regard.

**Care provision**
EU regions with an older or a sparse population, and peripheral regions, will be more sharply hit by demographic change and will be the first to experience developments that will

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ultimately affect the other regions too. In eastern Germany alone there is a danger that half the workforce will be lost by 2050. Particular support must be given to academic research into the causes and effects of the phenomenon, so that there is a basis from which to develop policies for the necessary structural transformation in social and healthcare provision.

With life expectancy steadily rising, the number of people in the EU aged over 80 is increasing. The projected rate of increase over the period 2010-2030 is 57%\(^1\). The proportion of these people who live alone will also rise. Families cannot cope unaided with the care of very elderly relatives. The Member States should introduce systems of regular and transparent supervision to protect the dignity of people who need care and should draw up an EU-wide code of conduct for providers of long-term care, with minimum conditions and standards of service, which would be approved by Parliament and the Council.

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\(^1\) COM(2005) 94, Commission green paper on ‘Confronting demographic change: a new solidarity between the generations’.