

Active Ageing Strategies to Strengthen Social Inclusion

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The Dutch delegation to participate in the Finnish initiative in the forthcoming Peer Review on 'Active ageing strategies to strengthen social inclusion' consists of the Ministry of Social Affairs and Employment, mr. drs. Roy Hillers, and the independent expert of the research-office Meccano, mr. dr. Hans Bosselaar.

In the short "Statement and Comments" some issues will be highlighted in response to the "Discussion Paper" of Henri Sterdyniak and the paper of Marja-Liisa Parjanne and Tomi Hussi on the Finnish policies to reinforce employment rate and the employability of older workers. The objective of this review is to analyse the programmes implemented. What are their impacts in terms of raising Finnish older workers activity rates and social inclusion? Can they serve as a model for other EU countries facing the same problems?

1. Active Ageing Policies in the Netherlands and Finland

Finland has launched extensive programmes to promote active ageing and to keep older people at work through social partners' involvement and even more through an improvement of working conditions. To reinforce the employability of older workers in order to increase labour participation and productivity the main reform programme launched by Finland during 1998 until 2002 named the National Programme on Ageing Workers (FINPAW). FINPAW focused on the concepts of work ability and employability. Issues were individual health, working conditions (incl. occupational health), legislation (employment and pension), prevention of age discrimination, and support and service systems. Four integrated strategic approaches are used:

- promoting health and functional capacity;
- making work more attractive;
- reducing poverty and social exclusion;
- providing efficient services and reasonable income security.

The Finnish strategy matches the aging programmes with a structural change of the pension and early retirement schemes. In the Netherlands we see the same approach to prevent workers from retiring before 65. The most argued arrangement was the (gradual) abolishment of the fiscal benefits of the early retirement programmes. It caused one of the largest union protest gatherings in our history.

The reform of active labour market policies during the recent period of time in the Netherlands concerns mainly the following measures:

- early retirement is now less attractive and will be progressively abolished. The statutory age of retirement remained 65. An individual life-course savings scheme is introduced;
- the disability benefits pathways to early retirement are being curtailed;
- the older unemployed (57+) are obliged to look for jobs;
- the duration of unemployment benefits is shortened;

The other arrangements consist of:

- measures to change employers perceptions of older workers;
- encourage age-aware human resource policies;
- new guidelines for redundancies;
- income tax deduction for older people in employment.

Since we share a lot of measures with the Finnish, it will be clear that we agree with the relevance of the aforementioned Finnish measures. In the Dutch context also one major additional issue is addressed, which is not explicitly mentioned in the discussion paper. This issue is linked to the social inclusion of older people and concerns: the unemployment amongst older jobseekers: unemployed older persons have not yet benefited from recent improvement in economic and labour market performance. We are looking for strategies to help the elderly unemployed back to work.

1.1 Relevance of the Finnish policies to the Netherlands

The various Finish programmes were implemented in cooperation with social partners without social crisis. The Finish experience shows the need for a global mobilisation of the Society, firms and workers to reverse the trend toward early retirement and to develop a strategy enabling ageing workers to remain at work. Active ageing strategies of Finland are characterized by a holistic approach as well as by co-operation in the preparation and enforcement with different sectors of administration, social partners and NGO's.

We basically agree with this overall strategy. It is interesting the way Finland succeeded to implement their programmes. We like to remark that the Dutch case learned that this is not always the case. Much will depend on how reforms are implemented. Success depends above all on the responsibility being shared between all players. What is crucial, however, is to ensure policy coherence and to push ahead with a comprehensive package of measures that will lead to longer working lives.

1.2 Similarities/ differences of the Finnish policies to the Netherlands

A major positive trend in the increase of employment of older people is basically comparable between Finland and the Netherlands. Significant social security and labour market reforms taken in the Netherlands past period seem to have their effect on the labour market. Taken into consideration also the good economic developments of the last years. Progress has been made in having employees to work longer:

The average exit age is now at 61.5 years (total EU25: 60.9 years over 2005). Also an improvement in the participation of older employees (55-64 years) is noticed. In the Netherlands the employment rate of employees aged 55 to 64 years increased from 28.9% in 1995 to 47.7% in 2006: an increase by 18.8% (EU25 in 2006 is an average of 43.6% - Eurostat figures).

The Dutch unemployment figures for older people (55-64 years) show at this time for September 2007 5.1% in comparison to total labour force of 4.3%.

1.3 Potential transferability of the policy

As mentioned in the discussion paper and in the paper of Parjanne/ Husse the Finnish model offers a broad range of approaches and experiences that seems also to be applicable by and are partly already used by the Netherlands. Finland has given a high priority to a number of legislative reforms and to ageing programmes to improve health and to remove barriers to employment of older workers.

In order to further develop these policies it is important to have a good analysis of the obstructions to be solved. For being able to transfer policies – in this case the Finnish model - it is preferred to have knowledge of the specific or relevant obstructions/ barriers as a starting point. In the Netherlands the following major obstructions may be mentioned:

- the imbalance between productivity and wage;
- the preference of employees to stop before the retirement age;
- barriers to work after the age of 65;
- the preference of employers for younger employees;
- functioning of reintegration policies for 45-plus unemployed.
- the 'public' sense of urgency about the consequences of ageing.

1.4 Important questions about ageing policies in the Netherlands

One of the major questions in Dutch policy is: How can we get the older unemployed back to work:

- The reintegration of older unemployed has been an underestimated problem for long. The social security agencies nor the municipalities developed policies and activities to support this group of unemployed. Since we changed our social security strategy to 'work first' the focus of reintegration policy is on the older unemployed as well. On behalf of the Dutch ministry of social affairs and employment, a study has been conducted to discover good practices at stake.
- The study shows that one of the main issues that extend the unemployment of the elderly is their personal attitude. A lot of the older unemployed are disappointed because they served lots of years for one and the same employer, but are fired at last. Many of them are not only disappointed but are going through a process of grief, because they had to terminate their job they were living for.
- The programmes that are now developed in the Netherlands focus on the new attitude of the older unemployed. Together with peer-unemployed they take time to farewell to their old professions and target on new possibilities. Strikingly, a lot of them try to start their own enterprise.

1.5 Contribution of Ageing policy to social protection and social inclusion

Incentives should promote to work longer or should not promote to stop earlier. The case of the Netherlands shows the importance of comprehensive policies which encompass all policy fields. Policies to get the financial incentives right should be supported by policies that make working longer not only attractive but also possible. Especially, there is a need for awareness raising policies to combat prejudices against older workers.

1.6 Key issues and main questions for the Review

- We are very interested in the Finnish approach to realize a new attitude on the workforce towards older employees.
- We like to hear more about successful (evidence based?) strategies to help the older unemployed believe in their chances to get back to work and to develop a new perspective on their (second) career.
- We are interested in possible results of the programmes: is it possible to derive from case handling to more general conclusions. For example, does the experience with the WAI illustrate whether or not the main problem concerns productivity? And how is productivity influenced by the WAI?

1.7 How to measure the success of policy in the Netherlands

The success of the Dutch policy will be proven with the increase in the employment rate of the elderly. To measure the change of attitude towards older employees we need to monitor the opinions of employers, employees and social security/jobcenter professionals.