

Active Ageing Strategies to Strengthen Social Inclusion

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AGE - the European Older People's Platform welcomes the Peer Review on active ageing and the discussion paper on "Finland: active ageing strategies to strengthen social inclusion" that was sent for our consideration.

After consultation with our membership, we would like to contribute the following comments.

AGE welcomes the opportunity to provide a written reaction to the host country paper. This document provides a good analysis of the challenges facing policy makers concerned with making appropriate responses to demographic change, accommodating the impact of an ageing population on the employment rate and public finances, and implementing active ageing policies. We read with great interest the detailed description of the various programmes and practices implemented in Finland and appreciated the objective analysis made by Henri Sterdyniak.

Whilst we feel that until now Finland is one of the few countries that have put into practice such an integrated approach to active ageing and their example should be very valuable to others, such practices may not be so easily transposable in other countries which have very different labour market and political contexts. The degree of consensus across political parties and the population was high on the need to reform employment policies and to mobilise all human capital readily available in Finland. As alluded to on pages 7 and 16, the Finnish climate and language act as "natural barriers" to immigration. On page 11, the author even stressed that there is a certain consensus not to rely on imported workforce to fill staff shortages. The political climate was therefore more favourable for the introduction of drastic employment and pension reforms. Everyone agreed that it is the duty of every citizen to ensure that the Finnish social model will continue to ensure everyone's welfare and older workers had to be activated to support the long term sustainability of their social protection system. Political leaders in other countries, who are faced with quite different political climates, can only dream of achieving such a consensus at home. In most continental European countries, the population is much less homogeneous than in Nordic countries. There are such huge differences in the vision of society and the role of welfare state between right, centre and left parties that this makes the task of political leaders in these countries much more difficult because they know that whatever reforms they implement, these are most likely going to be radically changed when they lose the elections. In Nordic countries, the large consensus that exists on most social issues ensures some form of continuity from one government to the other, even when there is a change in the political leadership, and this helps deliver better results on the long term. For example, the well known flexicurity system was initially developed by Poul Rasmussen, former Danish Socialist Prime Minister and actively pursued by the centre-right government of Anders Fogh Rasmussen. Such continuity in major social reforms is hardly seen anywhere else in Europe.

Notwithstanding the evident success of Finnish active ageing strategies, AGE therefore considers that a number of questions remain that need to be addressed, in particular on the relevance and the potential transferability of such policies to other EU countries with their different social models, varying cultural attitudes towards the employment of older workers and diverse

approaches to active ageing and economic migration. Greater awareness is also needed of the variability of sub-national demographic changes and the need to adapt strategies to the regional and local reality.

Raising the employment rate of older workers

In our view, employment focused active ageing policies are sometimes ill conceived and can only result in hurting the most vulnerable. For example in Germany when the government proposed to fight unemployment among workers over 50 by threatening them with a 25% cut in basic social security benefits if they refused to accept a "one euro job" (Hartz IV arrangement), did they really consider such measures to be aiming at promoting "good work" for all? In some regions of France, similar initiatives were tried a few years ago: employers could employ long term unemployed older workers free of charge. This initiative met with a marked lack of success and no employer used this opportunity. In France again, the government adopted a law in 2006 to enable employers to employ older workers under limited contracts for a longer period than younger ones. After eighteen months the French government has just announced that this measure has not delivered the expected results (only 20 older workers were hired under this new law) and the measure is abandoned.

When reforming their social protection systems, Member States need to pay special attention to those most at risk of social exclusion and poverty: women, single parents, older workers, the long term unemployed, migrants, etc. An impact assessment on these groups of all proposed measures should be undertaken prior to adoption.

AGE fully supports the Lisbon objectives of maximising the employment rate of older people and calls for measures to be adopted to help those who want to remain in the labour market. We agree with Henri Sterdyniak that this requires a fully integrated and comprehensive strategy which pulls a range of policy levers, combining actions to create quality jobs for older workers and to provide incentives and support individuals to seek work with changing the attitudes of potential employers to ensure they engage and value older people and remove discriminatory barriers. We recognise that social protection systems need to be adapted to enable older workers to remain at work for longer but we are clear that this should not be done by reducing the rights of older workers as advocated by some Member States who cut pensions rights and limit unemployment benefits for the long term unemployed. As the background paper says, it is important to ensure that jobs are available to older workers before adopting incentives to encourage them to seek employment. Furthermore, in their reforms to postpone the age at which workers will be entitled to claim a pension, Member States should keep in mind that the age at which people entered the labour market, the total number of years worked and the nature of their work strongly influence their capacity and willingness to continue to work. Such approaches ignore the reality of the labour market and will have a detrimental effect on the most vulnerable rather than help keep people actively involved in the labour market for longer. What is needed to raise the employment rate of older workers is the introduction of more flexibility into employment contracts to suit the changing lives of older people, high quality working conditions which enable older workers to reconcile work and family duties and help maintain their physical and mental health, skills development through opportunities for life-long learning and the promotion of a positive approach among employers to older workers. National governments need to develop comprehensive active ageing strategies which take into account the different facets impacting on the employment of older workers, including occupational health, training and life long learning, information and

advice for individuals and employers, enabling pension and social protection systems and a positive contribution of older people. The main aim of active ageing policies should be to make the labour market “age neutral” or “age friendly”. Training employment offices and counsellors to develop active labour market measures for older workers are also useful positive action measures. In addition to helping to maintain a diverse and vibrant labour market, the extension of working lives which this would realise is important both in terms of financing social protection systems in general and in preventing poverty in old age. AGE considers that the real gains are to be made not by forcing people to wait longer (often in unemployment) before receiving their pensions, but in enabling people to work productively as long as they wish and then move into a productive and active retirement period.

The European labour market is ageing rapidly and employers are faced with increasing difficulties to find and retain the skilled workforce they need to remain competitive. The example of Finland should convince other Member States of the need to run information campaigns to convince employers of the need to change their attitude toward older workers and to stop discriminating against them. The Finnish campaign was well designed and tailored to the needs of Finnish employers. On the contrary, the campaign launch last year by the French government to promote a more positive image of older workers missed the point completely because it stressed performances that were not relevant to employers using slogans such as “I can make love longer than you”, “I can beat you on computer games”, “I can run faster than you”, etc. Such campaigns actually reinforce stereotypes about ageing rather than promote a more positive image of older workers¹.

In most Member States, older workers face discrimination on the ground of their age. Combating age-based discrimination in the workforce is unfortunately not always at the heart of Member States’ employment strategies. This would require action to remove age discrimination from policy and organisational procedures throughout working life - in recruitment, training, reward, and retirement. Age is still often used as a proxy for health or competence in human resources practice and unjustified upper age limits or mandatory retirement ages are preventing older workers from remaining active in the labour market. In view of demographic ageing, Member States should engage in an in-depth debate about upper age limits preventing access to some professions and mandatory retirement ages, to challenge the traditional boundaries of the ‘working age’ population so that those who wish and need to work beyond pension age are enabled to do so and inflexible policies which restrict such choices² are removed.

Acknowledgement of needs of all age groups in work

Employment policies need to break down barriers between age groups in the work place; they should take a holistic approach to the needs/wishes of all workers, including older workers (i.e. in respect to motivation, time management, income and social protection issues, mobility issues, etc.).

Improvement of training should exist for all workers thus promoting the integration of older workers and better psychological and other working conditions; and the prevailing attitude

¹ Anne-Marie Guillemard, *Prolonger la vie active face au vieillissement: quels leviers d'action? Les enseignements de l'étranger*, ANACT, Lyon, 2007. p.13

² AGE message to the European Spring Summit 2006: http://www.age-platform.org/EN/spip.php?article358&var_recherche=spring%20summit

towards work must be modified, either through job flexibility, status and wage cuts, or through education or career management piloted by social partners.

Active ageing - more than employment

Although the first paragraph of the document states that the Finnish social inclusion strategy on active ageing is aimed at postponing retirement age, maintaining the income of retired people close to that of working people and involving retired people in social activities, the focus of the discussion paper lies almost entirely on employment issues and on the objective of getting older people to work for longer. AGE would like to stress the need to take a broader view of the definition of 'active ageing' and considers that this should encompass the promotion of healthy ageing; support to activities such as volunteering, political engagement and civil participation; and the facilitation of a full and active participation of older people in all areas of society including through the exchange of experience with younger age groups and opportunities for lifelong learning and continual skills development.

Recognition of contribution to society outside of paid employment

Our social protection systems need to recognise the contribution citizens make to society outside of paid work and which are as useful to our society as paid employment. Employment policies should promote such involvement by providing special provisions for informal carers and volunteers. We expect the contribution of older people to social cohesion to increase significantly in the future. Policies to support a more active transition period between paid employment and old age dependency are urgently needed. Millions of older citizens can be empowered to play a more active role in society for their own benefit and for that of their community.

AGE believe that the demographic challenge cannot be solved merely by increasing the employment rate of older workers. Several dimensions need to be simultaneously addressed. Closer cooperation is needed between the employment, social affairs and health sectors. In addition, in our post-industrial and services economy, a strong investment in educational and vocational programmes focusing on the development of information, communication and technology skills for older age groups is also indispensable as is the cultivation of a culture geared towards of lifelong learning to enable older people to remain socially active and live independently for much longer than is the case today.

Conclusions

It is clear that there is a real added value in discussing the Finnish approach and its transferability to other Member States and we welcomed this peer review. However, one cannot ignore that there are very different national contexts and very different approaches to active ageing. Businesses in other countries will need to be convinced that such direct intervention from the state will yield benefits to them. Trade unions and older people also have to be convinced of the need to extend working lives.

All Member States of the European Union are facing the same challenge of a rapidly ageing population. Coordinated actions are needed not only at national and local level but also at EU level bearing in mind the principle of subsidiarity. There is a demographic angle to most EU policy areas. For that reason we feel that the various Open Methods of Coordination (employment, social inclusion, pensions, health care and care for the elderly, lifelong learning) should be well coordinated with other policy areas such as transport, housing, research, education and citizenship to develop a realistic and accurate understanding of what demographic change means so as to be able to support the right policy responses.

AGE members have raised the following points for discussion:

- The impact of sustainable development on pensions and on the employment of elderly persons;
- How much current national policies can have a bearing on the activity of seniors;
- The role of the civil sector;
- The need for massive and coordinated public campaigning.

AGE would welcome if Member States would consider to:

- Strengthen efforts to make more and better jobs available to older workers and to undertake research on the changes needed to encourage older workers to work longer;
- Promote more flexible work organisation and part-time work associated with good security and quality of work. Removing obstacles to part-time work must include measures to retain pension rights when in employment;
- Improve the social protection of the self-employed and facilitate more targeted support including access to finance to aid start-ups for older workers;
- Take the issue of age and multiple discrimination forward by formulating the necessary policies and ensuring that these are effectively and systematically implemented as part of a comprehensive strategy addressing demographic change;
- Adopt active labour market policies to promote active ageing, particularly where governments have provided for exemptions or exceptions in the scope of the legislation under Article 6 of the Employment Directive.