



The European Older People's Platform
La Plate-forme européenne des Personnes âgées

To: EU Ministries of Employment, Social Affairs and Health

European Commission, Directorate General Employment, Social Affairs and Equal Opportunities

Re: 8th European Round Table on Poverty and Social Exclusion, Stockholm, 15-16 October 2009 – AGE Open Letter on active inclusion in time of crisis

Brussels, 8 October 2009

AGE member organisations, representing current pensioners and older workers, are worried about the consequences of the financial and economic crisis on the long-term sustainability of their national social protection systems. At a time when all European governments are looking for solutions to accommodate the impact of the crisis, AGE members would like use the 8th European Round Table on Poverty and Social Exclusion to pursue the debate on active inclusion policies and their role in protecting the most vulnerable groups, including older people, in periods of recession.

No one knows yet what impact the crisis will have on pensioners, people retiring or older workers, but AGE believes a growing number of older people face increasing difficulties today, such as, risings costs of living (food prices, health expenses...), an unfavourable labour market (job cuts or technical unemployment, reduced lifelong learning or training opportunities...) and diminishing public services (shrinking social services including health and long term care...).

Last year, the Commission published its Recommendation¹ on active inclusion where it was recognised that apart from facilitating access to quality employment for those who can work, active inclusion policies should also “...provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot”, as well as “...take careful

¹ Commission Recommendation on the active inclusion of people excluded from the labour market, 30.09.2008, C(2008)

consideration of the complexities of multiple disadvantages and the specific situations and needs of the various vulnerable groups". Indeed, AGE would like to see governments follow these statements and actively implement all aspects of the active inclusion strategy. From the perspective of vulnerable older persons AGE would like Member States to guarantee in particular:

- adequate minimum pension to prevent poverty and social exclusion of older people;
- universal access to quality health and long term care services for all older people; and
- suitable support to older workers to help remain or re-enter the labour market.

AGE members also believe that the Social Open Method of Coordination (Social OMC) should be used as framework to implement the active inclusion policies and, as such, become a central component of the post-Lisbon Strategy and the future Social Agenda.

Guarantee a minimum pension to prevent poverty among the most vulnerable older people

The vulnerability of older people is often related to their lack of financial resources. Older women are in a particularly precarious position as their right to a pension income is often derived from their marital status (spousal or survivor benefits) and they rarely have adequate pension rights of their own for diverse reasons (career breaks, low paid jobs). Other groups of older people, such as older single person, older migrants or disabled older people also face multiple disadvantages in building adequate old-age income. For all such vulnerable older people, suitable social protection provided by the state is necessary safety net.

AGE also questions the view that a minimum income in old age is a disincentive for employment, since the choices people have about employment are limited by a range of other factors, including job unavailability, family duties, mobility problems, age discrimination, or lack of training or inadequate skills. These often prevent them from getting a job or remaining active in the labour market. Minimum pension provision is a necessary safety net to protect the most vulnerable older people and as such does not distort employment activation policy.

Where pensions are not fully indexed to general wage rises, pensioners fall behind society's progress as they grow older. Many who retired with an adequate pension then slip gradually into the pensions poverty trap, with an income close to the threshold for means testing. AGE believes the right to an adequate minimum income, without means testing, is fundamental to everyone's dignity and independence.

Recommendations:

- Refer to the Article 1 of the European Charter of Fundamental Rights on human dignity when developing pension schemes i.e. the right to adequate minimum income should be recognised as fundamental and necessary for everyone's dignity and independence.
- Member States should guarantee a minimum income for older people equivalent to at least the poverty threshold (60 percent of national median equivalised household income), as a way to promote their social inclusion and autonomy.

- When guaranteeing the minimum pension schemes, Member States should ensure that the provided income addresses older people's expectations in terms of what they consider to be essential to preserve decent standards of living and personal dignity.
- Ensure adequate indexation to allow pensioners to keep up with society's progress and not fall gradually into the poverty trap. Modality of indexation is to be decided by the relevant national stakeholders according to the ongoing economic context.
- Member States should analyse the impact of the current financial and economic crisis on the adequacy and sustainability of their national pension schemes and develop comprehensive safety net mechanisms allowing every older person to live in dignity.

Guarantee access to quality health and long term care services to all older people

AGE believes that the ongoing crisis cannot justify any further withdrawal of public authorities from the provision of quality and accessible social services, including health and long-term care (HLTC) services. More than ever, it is necessary to strengthen social and health services and assist people in need, rather than make savings at the expense of vulnerable groups. The tendency to limit eligibility to publicly funded HLTC services and to rely increasingly on private health insurance will force a growing number of vulnerable groups, including older people (in particular women, single older persons etc.), to choose between purchasing food or healthcare.

When preparing reforms in HLTC, governments also usually propose measures referring broadly to all population groups. Consequently, it is unclear whether the interest of specific population groups including the most vulnerable older people will be eventually met. Active inclusion strategy must propose a comprehensive approach and address the needs of older population groups such as older women, older persons with disabilities and chronic diseases, disadvantaged, isolated older persons in specific situations of life, such as older migrants, the very old, etc.

Recommendations:

- Member States should maintain and facilitate access to primary and preventive care to older people under statutory social protection systems.
- The quality of health services needs to take account of patients' privacy and be based on dignity in particular with regard to the most vulnerable, especially people in hospitals and care homes.
- The provision of services should be based on individual needs and not on their financial resources. Access should be ensured equally across the territory to avoid disparities between regions and between urban and rural areas as this could jeopardise social cohesion.
- Member States should intensify their investments to modernise and develop health and long-term care infrastructure in particular at local level and in remote regions where access to HLTC is most difficult.
- Informal and family carers, who provide the vast majority of long term care, require more support from public authorities, both financial and technical. They should also be enabled to reconcile work and caring duties.

Guarantee suitable support to older workers and those older people who cannot work

The deteriorating economic situation, together with demographic change, are set to radically impact on the organisation of employment and on the growth potential of the European labour markets and financial systems. Indeed, many older workers, in particular older women, have been among those most affected in the deepening economic crisis. Also many workers over 45 have neither a job nor access to pre-retirement schemes. They become long-term unemployed with a

decreasing possibility of finding employment. The measures to increase the employment rate of older workers that were beginning to deliver results before the crisis are no longer effective. People aged over 45 are more vulnerable than ever on the labour market.

The particular difficulties which older workers face in different economy sectors and occupations must therefore be given due attention because the EU economies need their contribution. AGE considers that the EU must take active steps to address the fears and expectations of its older workers and their increasing sense of precarity and loss of confidence in the EU and in their Member State's employment, social security and financial systems. Older workers need to be re-integrated into or retained in the labour market in ways that effectively address both Europe's objectives for growth and jobs and the demographic challenge.

Recommendations:

- Ban mandatory retirement ages and eradicate other unjustified obstacles to individuals' choice to continue to work, to phase their retirement, to work part-time or to cease work at the statutory pension age.
- Adopt innovative measures to meet older workers' needs in a time of crisis and high unemployment, for example providing free access to continuing education and training to help them remain active and employable so they can re-enter the labour market quickly when the recession ends.
- Introduce legislation to provide for carer's leave. New approaches to elder care, to support informal carers faced with caring duties, are needed to improve gender equality.
- Increase public investment in care services for dependent elderly people, recognising these have a positive role as support to employment (as with childcare services) and not treating it merely as a cost to the public budget.

Strengthen the Social Open Method of Coordination as framework for active inclusion policies

AGE members are convinced that the streamlined OMC provides a very useful framework to bring national policy agendas closer and remains, for the moment, a key mechanism facilitating policy changes in the social field across the European Union. Consequently, AGE regrets that the effectiveness of the method seems to depend very much on the individual attitude of governments toward the principle of direct participation of citizens, and on the extent to which policy-making is coordinated between local, regional, national and European levels.

In many Member States the Social OMC and its national consultations do not receive enough attention from national policy-makers as there are other parallel reporting processes running on social protection and/or social inclusion at regional, federal or national level. This raises the question of the position of the Social OMC process in national social policy making and, in particular, of the role the method plays in coordinating social policies at EU level. Therefore, it is necessary to develop synergies between all the existing processes on social protection and social inclusion at all levels.

Recommendations

AGE calls on the Commission and Member States to:

- Use the Social OMC as framework to facilitate the implementation of active inclusion policies at national level and ensure that the method becomes a central component of the post-Lisbon Strategy and the future Social Agenda.

- Ensure a structured, transparent and accountable OMC process that requires equal engagement from all Member States.
- Strengthen link between the Social OMC and all other existing initiatives and structures dealing with social policies at all levels. This will be a precondition to fully exploit their mutual potential and added value.
- Ensure that OMC process becomes a fully transparent with as broad as possible involvement of all relevant actors active in social policies at all levels i.e. national consultations should include all independent membership organisations representing civil society, and not be confined only to organizations set up by the government (supposedly representative for the entire target population).

Conclusions

AGE believes that there is a need for a greater recognition and understanding of the impact of this financial turmoil and the subsequent economic recession on older people, but also of the repercussions on other population groups, for example younger generations. Active inclusion policies must address the specific needs of all population from the life-cycle approach. Therefore, intergenerational solidarity and cooperation should be part of policy response as a way to mitigate the negative consequences of the present crisis. The European Social Model must be retained as a safeguard against deeper recession. AGE members expect from the European Commission and Member States a firm engagement in favour of a strong social dimension in the post-Lisbon architecture and hope the active inclusion strategy will have a key role within it.

AGE members will use the strengthened Social Open Method of Coordination and its national strategies to monitor how effectively Member States use active inclusion policies promote social cohesion. It also remains a challenge within the Social OMC to propose a comprehensive policy mix between the three strands of the active inclusion strategy in order to strengthen people's labour activation and to prevent and combat poverty among vulnerable groups for whom work is not an option.

We look forward to the outcome of the Roundtable.



Anne-Sophie Parent
Director

Cc:

Commissioner Vladimir Špidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities
Ms Pervenche Beres, Chair of the Employment and Social Affairs Committee in the European Parliament
Mr Aurelio Fernandez, Chair of the Social Protection Committee

AGE - the European Older People's Platform is a European network of organisations of people aged 50 plus and over. It brings together 133 organisations from across the European Union and represents over 25 million older people in Europe through its membership. AGE seeks to voice and promote the interests of the 150 million inhabitants aged over 50 years and to raise awareness of the issues that concern them most.

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