Parliamentary Assembly
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Recommendation 1591 (2003)[1]

Challenges of social policy in our ageing societies

Parliamentary Assembly

1. As fertility continues to decline and life expectancy rises, Europe is currently at the forefront of the population ageing process in the world. Fertility rates in Europe have declined dramatically over the last two decades to an average of 1.4 children per woman of childbearing age and are now below the replacement level of 2.1 in virtually all Council of Europe member countries. About 20% of the population in Europe today is aged 60 or over and, by 2050, it will most likely account for 33%.

2. Seen in a global perspective, however, the world population reached 6.1 billion people in 2000 and is currently growing at an annual rate of 1.2%. According to the United Nations population estimates (2000 Revision), the world population is expected to rise to 9.3 billion by 2050, which would represent an increase of 50%.

3. Both the European context of population ageing and depopulation on the one hand, and the world context of accelerated population growth, on the other, represent considerable economic, social, cultural and environmental challenges and require concerted political action over the short, medium and long terms. Education, family planning and migration policies will require particular attention.

4. The political debate in Europe is already under way. The Parliamentary Assembly particularly recalls its Recommendations 1428 (1999) on the future of senior citizens: protection, participation and promotion and 1254 (1994) on the medical and welfare rights of the elderly: ethics and policies, and welcomes the reform initiatives undertaken by European governments as well as the guidance and co-ordination provided by the International Labour Organization (ILO), the World Health Organisation (WHO), the Organisation for Economic Co-operation and Development (OECD), the United Nations Economic Commission for Europe (Unece) and the European Union.

5. The Assembly welcomes the Regional Implementation Strategy for the Madrid International Plan of Action on Ageing 2002 adopted at the Ministerial Conference on Ageing, which was organised by Unece from 11 to 13 September 2002 in Berlin as a follow-up to the 2nd World Assembly on Ageing, held in Madrid, from 8 to 12 April 2002. The Assembly fully supports member states in their endeavours to implement this strategy involving a range of policy areas, and welcomes the initiatives of the Council of Europe in providing co-ordination between governments as well as between various international organisations.

6. The Assembly considers that the reforms necessary to respond to the challenges of ageing societies ought to be part of a wider political debate. All European governments are currently faced with the difficult task of harmonising two relatively opposing trends: the pressures of a globalised economy to contain public expenditure and reduce labour costs in order to remain competitive; and a justified demand by European citizens to strengthen the European social model as a basis for a stable and socially prosperous Europe.

7. The time has come to rethink social policies in Europe in order to take up this challenge. While each country differs in its demographic structure and has its own specific cultural, social and economic traditions, the Assembly underlines a number of common principles that it considers crucial to guide the reforms in Europe.

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1. Assembly debate on 29 January 2003 (4th Sitting) (see Doc. 9615, report of the Social, Health and Family Affairs Committee, rapporteur: Mr Hegyi). Text adopted by the Assembly on 29 January 2003 (4th Sitting).

8. In order to sustain pension schemes, health care systems and social protection in the future, one of the prime objectives of the reform is to contain or decrease the dependency ratio between the economically active population and the non-employed population (the unemployed, those in retirement, young people, men or women who are family carers or those suffering long-term illness), which will require a new approach to employment policy.

9. To achieve this objective, diverse policies need to be in place, notably to enable people to work longer in healthy conditions; to ensure private and public investment in the qualification and requalification of workers in the labour market; to provide incentives, especially for the employment of young people and the senior workforce; and finally, to encourage and negotiate real changes in enterprise culture in order to recognise changing family patterns and allow for greater compatibility between family life and work.

10. Population ageing will lead to changing demands on health care systems. The medical cost of treating illnesses that occur at a very advanced age will grow exponentially as a result of scientific and technological advances in medicine. While ageing is not in itself a disease and old age should not be seen as equal to frailty and sickness, increasing demands on the health sector are inevitable.

11. The Assembly underlines that the sustainability of pension schemes cannot be reduced to the financial dimension, but is subject to a multiple challenge: that of meeting their social aims, ensuring their viability, and responding to the changing needs of society and individuals. The minimum standards that pension systems have to meet are enshrined in the legal instruments of the Council of Europe: the European Social Charter (ETS No. 35), the Revised European Social Charter (ETS No. 163), the European Code of Social Security and its Protocol (ETS Nos. 48 and 48A), and the European Code of Social Security (Revised) (ETS No. 139). The Assembly insists that these standards should be kept in mind when reforming pension systems.

12. The threat of extreme poverty and loss of dignity for the elderly is a major concern. The Assembly therefore urges governments to maintain the basic system of solidarity through state pensions and by incorporating a basic pension scheme into their pension systems.

13. Current models of pension systems in member states include, on the one hand pay-as-you-go systems, financed either by direct contributions or by taxation, and, on the other hand fully-funded systems based on the capital market. Diversifying the financing of pension schemes may seem prudent, but on condition that existing rights are not endangered. Moreover, the “defined benefit” type of social security system can remain sustainable, providing it is adapted to the “defined contribution” system – as illustrated by the example of pension reform in Sweden. From the point of view of early retirement, the nature of work must be recognised through a higher contribution requirement.

14. The Assembly welcomes the guidance provided by the OECD and the European Union in developing strategies for active ageing, creating financial incentives for late retirement, enabling ageing persons to remain socially and occupationally active, removing legal and fiscal barriers to gradual transition to retirement and regulating work in retirement. However, it considers that the later people retire, the more differentiated the retirement age should be, taking into account such differences as years of contribution and nature of work.

15. The Assembly therefore encourages member states to engage a dialogue with socio-economic partners and actively campaign for late retirement. Various incentives for late retirement (for example, tax reductions) and disincentives to early retirement should be considered to support this process. Moreover, the Assembly considers it crucial that “flexible” types of employment (short-term contracts, irregular employment, precarious types of self-employment, etc.) should be regulated in order to ensure social coverage for those concerned.

16. If high female participation in the labour force is to be maintained, more attention should be given to reconciling paid work with family work as factors influencing reproductive and family behaviour. Additionally, societal changes call for a more equal sharing of paid and unpaid work between men and women.

17. In the more developed countries with a strong welfare system, better conditions for women and greater institutional support are reflected in “modern” patterns of behaviour, which are more compatible with fertility. This means that institutional factors can help to reconcile the desire to have children with changes in types of union, later timing, and women’s aspirations for a fulfilling family and working life.

18. The Assembly recalls Recommendation No. R (96) 5 of the Committee of Ministers on reconciling work and family life, and the Final Communiqué of the 27th Session of the Conference on European Ministers responsible for Family Affairs on the theme of reconciling working and family life, which took place in Ljubljana from 20 to 22 June 2001 commends the work of the Forum for Children and Families, and considers it crucial

to develop collective efforts between different public authorities, employers, organisations of employers and workers, as well as civil society, in order to induce a real change of attitudes not only within public structures, but also in the business sector and society at large.

19. In a given context of long-term decline in the working-age population in Europe, with an ageing workforce and an ageing population, and increasingly elderly dependency ratios, it remains to be seen whether future economic conditions and technological changes will create additional job opportunities and increase the demand for labour. A reduction in the relatively high cost of labour in Europe may be envisaged in the medium and long term by switching some of the revenue burden from taxes on income and employment to environmental charges.

20. In the long term, the process of ageing will necessitate not only fiscal reforms, reforms in social welfare policies, and reforms in employment patterns, but also changes in attitudes and a redefinition of individual and societal values. Perceptions and attitudes towards family responsibilities, childcare, involvement in informal care and volunteering will have to change too. The value of unpaid work to society will have to be fully recognised and reflected in new and more flexible patterns of employment for both genders.

21. In global terms, the projected increase of 50% in the world population will put a greater strain on natural resources and will call for international solidarity in making the distribution of wealth, the use of resources and the ecological "footprint" more equitable. The Assembly calls on the member states to fully implement the commitments set forth at the World Summit on Sustainable Development held in Johannesbourg from 26 August to 4 September 2002.

22. The Assembly therefore recommends that the Committee of Ministers:

invite member states to give careful consideration to the principles set out above;

instruct the relevant bodies of the Council of Europe to:

a. provide guidance and assist member states in their efforts to reform national pension schemes;

b. invite member states and their social partners to hold a greater European debate on pension reforms;

c. pursue work on reconciling working and family life and less unequal sharing of paid and unpaid work between genders;

d. pursue and develop activities concerning elderly persons, notably with a view to guaranteeing their human rights;

e. step up the search for policies to promote greater social solidarity, particularly between generations and genders;

f. review migration policies in Europe and the possible impact of appropriate immigration policies as a means to overcome the negative effects of ageing and depopulation on the projected workforce in Europe.