

## CCOO de Catalunya: Zagreb – Draft Paper

### 1 The Demographic Framework of the Debate

The current Commission’s policy dealing with the maintenance of the pension system focuses mainly on an extension of the retirement age but does not take into account other possibilities. This can be concluded from various current documents of the Commission itself, such as the Project Europe 2030 report and the documents on pension policies, which preceded the publication of the Green Book, but one also can find this view in the Europe 2020- Strategy and its integrated guidelines (7 and 8).

By that, demography follows the keywords “globalisation” and “market” and appears to be- as an appeal to authority- the third argument from which the Commission firmly believes that it can secure the European Social Model at least to a certain extent. What one is facing here is the irreversible persuasive power of the today fashionable TINA- logic (There Is No Alternative), which has gripped Europe’s social identity by means of the economic crisis. We, however, are convinced that above all -when dealing with demography- we find tendencies, which politics could tackle effectively.

- 1) Increase of **birth rate**<sup>1</sup>. Nothing motivates people better to start a family than having a good, stable job and a powerful legal framework, which enables people to reconcile a job with a family life. The earlier young people find employment, the earlier they can start paying insurance contributions and the earlier they have the possibility to start a family. It is hard to comprehend why employment policy of young people is not included in the demographic debate (even though e.g. Spain faces an unemployment rate of 40 % among the 18 to 25-year-olds). The proportion between the contribution period and the benefit period could be balanced out by an earlier entrance into the labour market.
- 2) The **employment rate** of younger, older, female and low skilled workers could and should be increased. In Spain, the price for entering the labour market is to lengthen the precarious phase, in which social benefits are hardly paid. In case of unemployment of older workers (age 50 and more), the older employee falls into a precarious position. The worker goes in this case at the expenses of the systems of unemployment aid and social security. There is great potential to improve the contributions the social systems receive. Instead of focusing on a policy of “increasing the income”, a policy of “cutting the expenses” is followed. One example here is the postponement of the retirement age, which can have disastrous consequences for older unemployed workers.

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<sup>1</sup> Spain has recently published that the birth rate fell in the year 2009 again by 5 per cent, even though two years ago a 2.500 € subsidy for new parents was introduced (Baby Cheque). It seems that starting a family has less to do with financial incentives than with looking confidently into the future and, above all, it has clearly something to do with good and stable employment.

- 3) **Productivity** is a further instrument, which makes it possible for our social systems to collect greater contributions with a smaller total labour input. Especially in the context of a ten-year-plan, such as the Europe 2020- Strategy, the issue of productivity and that means also investment into research and development, as well as into education, should be addressed. Another important aspect is that the whole society benefits from a higher productivity and therefore revenues should not only stay in the hands of the companies and venture capital.
- 4) A controlled European **immigration policy**. If pensions systems cannot be secured by the low European birth rates, the required labour input can be assured by a joint European immigration policy<sup>2</sup>. It should be guaranteed that immigration does not lead to the disposal of education costs (Blue Card<sup>3</sup>, selective immigration policy etc). Additionally, it should be assured that immigration goes hand in hand with appropriate social policies in order to prevent that integration goes at the expenses of social cohesion. One should not forget that immigration also means taking over social costs.
- 5) **Voluntary increase of the retirement age** is another point by means of which the pension system is meant to be stabilized. Promoting the increase of the retirement age should not touch the rights of the workers, who have paid sufficient insurance premiums during their working life and have now the age to retire.

All five instruments explained above, have in common that their implementation is only possibly through **stronger social policies** and an **intense social dialog**. Especially when facing the challenge of securing the European Social Model and strengthening solidarity between generations as well as social cohesion, it would be beneficial if the European states and the European Commission did justice to the sovereignty, which was entrusted to them democratically. This implies carrying out effective policies which will have an influence on birth and employment rates, productivity and immigration. The current cost-cutting measures of the European states and the planned cutbacks in the welfare state are, in this respect, great obstacles for a sustainable, social policy, which shall tackle the demographic challenges successfully.

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<sup>2</sup> It seems at least paradox that in the context of the current demographic development European initiatives have passed, such as the EU Returns Directive (2008), which could also be called the Directive of Shame.

<sup>3</sup> The European Commission's proposal of the Blue Card is directed towards a regulation, which allows only skilled workers to immigrate. By that, the Commission hopes to save expenses on education costs. And that even though the social costs of the education of a doctor in Ecuador or Bangladesh are 10 to 100 times higher as if this education had been taken place in Europe

## 2 Employment and Employability of Older Employees

In Europe, the greatest employment guarantee for older employees is that they are able to keep their work place and are not rejected and turned towards the labour market. The low employment rates of older unemployed workers, as well as the failing of several political attempts<sup>4</sup> show that the current working climate of companies distances itself from employing jobless older workers. European employment offices also lack an appropriate solution for this issue. The key points of the European Employment Strategy are **employability**, **adaptability** and **mobility**. In this respect has to be noted that the added value, which older employees offer, is less part of their adaptability and more of their experience and knowledge. This concept also applies to the mobility of older employees. Their work-related as well as geographical mobility is lower because of their low employability.

In regard to employability it shall be pointed out that this concept can be divided into three different factors, which help to describe the employability of a worker:

- The structural factor (situation of the labour market...)<sup>5</sup>
- The competences factor (education, experience, knowledge...)
- The psycho-social factor (commitment, behaviour, employment readiness independence...)

It is a tendency of the employment policy of the European Commission to ignore the structural elements and to see the **(labour) market as a natural regulator**, which cannot or must not be influenced, and should therefore act freely. For that reason, the employee has to “adapt” to the labour market or find – by the use of “mobility”- a labour market, where he/she can still find employment. Responsibility is therefore transferred from social and political levels to the individual level. This procedure can have disastrous consequences for older employees.

An older employee is not less employable because of his/ her competences or motivation, but because of the companies’ preferences which determine the labour market by employing rather **younger employees**. Younger employees are generally more willing to adapt themselves until self-sacrifice, to live with lower wages and are prepared for a longer working life within one company. These requirements of the labour market make it extremely difficult to determine the low

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<sup>4</sup> In Germany for instance by rewarding the employment. In Spain, by reducing pensions for older employees.

<sup>5</sup> The possibilities for employment of employees who hold the same competences differ between different labour markets. Their possibilities for employment depend on the unemployment rate but also on the companies working climates.

employability of older employees. That is, they complicate e.g. transferring the **Flexicurity** Debate on this group. The great uncertainty of finding a job should be reason enough to step back from bringing more flexibility into the employment of these employees. It would make sense to develop a **specific employment** strategy for this age group and to focus on **two different target groups** and strategies from the very beginning:

### ***2.1 The employability of employed older workers***

The low employability of older unemployed workers should lead to securing working places of older employees within their companies. Furthermore, measures should be carried out which improve their employability at the labour market, so they will be in employment for a long time span. In this regard, the following approach could be of interest:

- Strengthen employability by further job training, but also by recognizing the working experience of this age group
- Transferring work and experience of this age group to an added value for the companies (communicating knowledge, quality tests...)
- Improve mobility within the companies, so adaptability, knowledge and experience can be maintained and developed further

Other possibilities would be determining the company's costs of discharging the employees on the basis of their employability on the labour market. The employability could be determined by looking at the company's employment policy of the last years. By doing so, companies could share some of the social costs when discharging less employable workers.

### ***2.2 The employability of unemployed older workers***

In Spain, the so called “dependence law”, which provides for older and disabled people to receive social welfare, has led to positive experiences in respect to the promotion of employment for older workers. Within the law, expenses on care for older and disabled people can be covered by the state if they exceed a certain amount. The law created employment especially for older workers, who would not have found work otherwise. This case indicates a sector which could be of interest for the employment of older workers: the social services sector. It includes an important element of social cohesion: solidarity between generations.

Even while it is of great importance to motivate companies to employ older workers, society could make use of the assistance of older employees in the field of labour and social politics. Especially in the field of Life Long Learning and Life Long Orientation, knowledge of older employees could

be valuable and of great use to society, for example by communicating experiences, job training, life coaching etc. Older employees could also support the integration of immigrant workers by contributing their work experiences.

It could be useful to include especially older workers in these areas in order to tackle the demographic challenge:

- 1) In their **family**, older people, who are still in a working age, play (at least in Spain) still an important role, because they make it possible for their children to reconcile their job with their family life. Looking after their grandchildren is nothing new to older people, but currently takes place outside of the social system and is not rewarded.
- 2) The **employment chances** of certain groups (women, young employees, low skilled workers) could be improved by personal support, education and communicating experiences. Older people could help young people to orientate themselves by communicating their experiences. This also is nothing new, but it could become an important role within a personal life long support (LLL and LLG).
- 3) **Productivity** could be increased by communicating knowledge in the companies, a stronger orientation towards education, but also through a quality-conscious working process and a proactive working climate. Activities following these objectives are possibly well suited to be performed by older employees. Outside of the companies, these functions could be passed on by consulting, coaching and training.
- 4) **Immigration** does not only need education and orientation, but also communication of knowledge in order to be possible. If, in the next years, we will face an increased immigration rate, it will be important to pass on knowledge on cultural, social, and legal matters to the new citizens. Especially older employees could take over a central role here.