

## Chapter 9

# An ageing active population in Europe: challenges, policies and practices

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### Introduction

Since the beginning of the 1990s, the issue of population ageing has been on the political agenda of most Member States of the European Union (EU). Improvements in living conditions and scientific progress have helped to gradually prolong life expectancy. The average age of the European population is rising even more quickly because fertility rates are falling, in many cases below the required replacement threshold. These demographic trends have coincided with radical changes, exacerbated by the economic crises of recent years.

Known for years, the problem faced by European societies due to the growing population share of the (dependent) elderly, combined with the associated reduction in the labour force, has been with us for some time. The growth of this section of the population is exerting strong pressure on social protection resources, since of the rise in expenditure (healthcare, long-term care, pensions, etc.) must come from contributions and taxes paid by a shrinking younger labour force (European Commission 2015a and 2004). The pressure exerted by the EU on its Member States is even greater, since countries' short- and long-term social expenditure is now limited by the lasting budgetary constraints imposed by the EU's new economic governance framework (Stability and Growth Pact, European Semester), and the long-lasting consequences of the economic crisis. National social protection systems are caught between the wish to maintain, and even improve, the adequacy of their schemes, and the need to ensure financial sustainability. This is a challenge common to all EU countries, although the extent of the problem varies according to national circumstances (SPC 2015).

In a context of globalisation, population ageing is seen as a universal issue. For this reason, international institutions such as the United Nations (UN) and its agencies – the World Health Organization (WHO), the International Labour Organization (ILO) –, but also the World Bank (WB), the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), have developed analyses and strategies to tackle the consequences of ageing observed in many countries. The ability of individuals, companies and societies to adapt, as well as the capacity of decision-makers and institutions to generate sound structural and behavioural change, will play a key role in determining the outcomes of this ageing process (WHO 2002).

The multi-dimensional concept of 'active ageing' promoted by the EU (see Section 2) was developed by the work of these institutions, reflecting the need to develop integrated approaches to the problem of ageing. According to the definition given by the WHO

in 2002 and used in the documents from the European institutions, 'active ageing is the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age. It applies to both individuals and population groups. Active ageing allows people to realise their potential for physical, social and mental well-being throughout the life course and to participate in society, while providing them with adequate protection, security and care when they need' (WHO 2002: 12). The concept of active ageing, therefore, extends the scope of political action from the financial sustainability of systems to general social inclusion, participation in society and the quality of life of a healthier ageing population. Being 'active' means continuing to take part in social, economic, cultural, spiritual and civic life, and is not solely about having a job. Although the need to maximise employment, particularly by encouraging older people to remain active as long as possible, has become one of the main forces behind the political reforms in the EU countries, the broader scope of active ageing should also be taken into account (Zaidi 2008).

Within this multi-dimensional context, this chapter focuses more particularly on the reforms and policies introduced in the EU to encourage economic activity among older people. The first section briefly describes the situation of older people in EU labour markets. We then examine the initiatives taken by the European institutions to promote labour market participation of older members of society (Section 2). Special attention is given to the recent framework agreement signed by the European social partners (Section 3). We go on to look at measures taken by EU Member States (Section 4) before drawing overall conclusions, emphasising that while youth unemployment has become a priority for the EU, particular attention should also be given to encouraging the participation and social inclusion of an ageing European population (Section 5).

## 1. What is the situation of active older people in the EU Member States?

The table below summarises the main parameters used to describe the employment status of older workers aged between 55 and 64.

In 2015, the employment rate of those aged 55-64 was 53.3% for the EU-28. This European average masks wide disparities between the European countries: the employment rate is below 40% in several Member States (Greece, Slovenia, Luxembourg, Croatia), and above 60% in others (e.g. Germany, Estonia, Denmark and the United Kingdom), reaching as high as 74.5% in Sweden. Between 2000 and 2015, this rate increased in almost all the countries, except for Romania, and, to a lesser extent, in Greece, Portugal and Cyprus, where a decline was recorded. For the EU-28, the employment rate of older workers has, since 2000, risen by an average of 15.6%, with this rise particularly striking in certain countries (Bulgaria, Germany, Italy, Latvia, Hungary, the Netherlands and Slovakia)<sup>1</sup>. On the other hand, some countries, notably Romania and Greece, have seen a fall in the employment of older people since the beginning of the millennium.

1. Data concerning the time series for employment and unemployment rates are not presented here, due to a lack of space. They are, however, available on the Eurostat website: <http://ec.europa.eu/eurostat/data/database>

Table 1 Rates of employment, part-time employment and unemployment among people aged 55-64, 2015

	Employment			Part time			Unemployment		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
EU-28	53.3	60.2	46.9	22.1	10.7	35.9	7.0	7.5	6.3
Austria	46.3	54.1	38.8	29.0	12.8	50.5	4.7	5.7	3.4
Belgium	44.0	48.9	39.3	33.6	18.4	52.2	5.6	6.3	4.7
Bulgaria	53.0	56.8	49.5	2.8	2.2	3.6	8.7	9.4	8.0
Croatia	39.0	48.0	30.6	8.8	7.2	11.3	11.6	12.2	10.6
Cyprus	48.5	57.8	39.5	16.9	13.7	21.4	15.6	17.4	12.8
Czech Republic	55.5	65.5	45.9	7.6	4.4	12.0	4.4	4.0	4.9
Denmark	64.7	69.8	59. <sup>6</sup>	20.0	10.2	31.3	4.4	4.0	4.8
Estonia	64.5	63.1	65.7	9.7	6.5	12.2	6.0	6.9	5.4
Finland	60.0	57.4	62.5	15.3	12.6	17.7	8.0	9.2	7.0
France	48.8	50.8	47.0	22.5	10.7	34.3	7.4	8.0	6.8
Germany	66.2	71.3	61.2	30.2	10.7	52.0	4.7	5.2	4.1
Greece	34.3	44.9	24.7	8.0	5.0	13.1	17.5	18.1	16.5
Hungary	45.3	54.4	37.7	10.3	6.7	14.7	5.8	6.0	5.5
Ireland	55.6	64.9	46.4	25.9	13.4	43.0	7.6	9.2	5.3
Italy	48.2	59.3	37.9	13.7	6.8	23.8	5.5	6.4	4.3
Latvia	59.4	60.1	58.9	9.3	6.7	11.4	9.3	11.6	7.3
Lithuania	60.4	62.4	58.8	11.1	8.2	13.5	8.7	10.6	7.1
Luxembourg	38.4	43.0	33.7	25.5	10.1	46.1	4.7	5.4	:
Malta	40.3	58.8	21.9	14.5	7.0	34.5	4.8	5.3	:
Netherlands	61.7	71.1	52.4	49.2	25.4	81.3	8.1	8.4	7.6
Poland	44.3	54.2	35.5	10.4	7.1	14.7	5.4	5.9	4.8
Portugal	49.9	56.0	44.5	16.5	12.9	20.6	12.5	13.9	10.7
Romania	41.1	51.2	32.1	15.1	12.3	19.2	3.7	4.8	2.2
Slovakia	47.0	53.6	41.0	7.3	5.0	10.0	9.3	8.2	10.6
Slovenia	36.6	42.6	30.5	13.4	11.0	16.8	7.8	8.1	7.2
Spain	46.9	54.0	40.2	12.4	5.1	21.9	18.6	18.5	18.7
Sweden	74.5	76.8	72.1	24.6	13.9	36.2	5.3	6.1	4.6
United Kingdom	62.2	68.7	56.0	30.9	15.9	48.7	3.4	3.8	3.0

Source: European Union labour force survey, online Eurostat database: <http://ec.europa.eu/eurostat/data/database>

Those aged 55-64 are more likely to work part-time than younger people. In 2015 in the EU-28, 22.1% of older workers were working part-time, compared to 17.6% in the 25-54 age group. This is particularly true in the Netherlands (49.2%), where part-time work is more frequent for all ages than in other European countries, but also applies to a lesser extent in Belgium, Germany, Austria, the United Kingdom and Ireland (around 30 %).

Employment rates of men aged 55-64 are generally higher than those of women of the same age. While the European average employment rate of older men was 60.2% in 2015, it was only 46.9% for women. Only in Finland and Estonia are female employment rates (slightly) higher than those of men. In the rest of the EU, employment rates of older women are below those of older men – sometimes much lower, by almost 20 percentage points (e.g. in Italy, Greece, the Czech Republic, Romania but also in the Netherlands). While older women are less often in work than their male counterparts, this work is more frequently part-time for women. In 2015, 35.9% of women in Europe aged 55-64 were working part-time, compared with only 10.7% of men in the same age range. The gender differences are particularly large in some Member States, where almost half of older women work part-time (e.g. in Belgium, Germany, Austria, the United Kingdom and Ireland). This share climbs as high as 81.3% in the Netherlands, the absolute European champion of female part-time work.

The unemployment rate of people aged 55-64 in the EU-28 reached 7% in 2015, with higher figures in Greece and Spain (around 17%) than in the other European countries. Unlike trends in employment rates, the unemployment rate for older people has, overall, varied very little since 2000. It has, nevertheless, fallen considerably in some countries, mainly Eastern European countries (the Baltic States, Poland, Bulgaria, the Czech Republic and Slovakia), but also in Germany. Since 2000, unemployment among the 55-64 age group has increased noticeably, however, in other countries (for example in Greece, Cyprus, Portugal, Spain, the Netherlands, Ireland and Luxembourg). While there are clear differences between the employment rates for older (55-64) and younger (25-54) people, this is less the case for unemployment rates, which are relatively similar for the two age groups. The higher employment rate of older people is due, in particular, to the greater incidence of long-term employment among older workers, and to the fact that fewer older workers change to new jobs. However, once unemployed, older workers have even less access to employment since they come up against a clear unwillingness of employers to take on older workers. According to the Eurobarometer survey on the perception of discrimination in the EU in 2015, age is the strongest discriminatory factor in recruiting, mattering more than physical appearance or nationality (European Commission 2015b).

Despite existing legal provisions at European and national levels banning age discrimination, and despite financial incentives offered to encourage the hiring and/or retaining of older workers, employers' 'culture' does not always favour older (unemployed) workers. This discrimination is closely linked to myths concerning supposed drops in productivity, together with the higher wage costs incurred (Lallemand and Rycx 2009). Older people are also thought to be less open to innovation and vocational training, particularly with regard to new technologies (European Commission 2016; Börsch-Supan 2013; Ghosheh 2008). Training generally allows

workers to maintain or improve their skills and career prospects, thus helping to delay early departures from the active population. Older workers, however, tend to be less involved than younger people in training and continuous learning, resulting in higher levels of skills mismatch (CEDEFOP 2015).

## 2. What initiatives have been taken by the EU institutions?

The issue of active ageing has been referred to explicitly at European level since the mid-1990s featuring the European Year of Older People and Solidarity between the Generations in 1993, and the publication in 1994 of the white paper on ‘Growth, competitiveness and employment’. The inclusion of a specific chapter on employment into the Amsterdam Treaty in 1997 enabled the launch of the European Employment Strategy (EES), which would provide the framework for the development, in later years, of an active ageing policy, largely taking an activation approach (Peña-Casas 2010). At the beginning of the millennium, the launch of the Lisbon Strategy covering the period 2000-2010 confirmed the emphasis placed on active ageing. Two quantified targets were even set for 2010 at the European Councils in Stockholm in 2001 and in Barcelona in 2002. The Stockholm target was to increase the EU’s average rate of employment for older women and men (55-64) to 50%. The Barcelona target was to increase, gradually, the average effective age when people stop working by around 5 years, highlighting one of the other reform priorities of the Lisbon Strategy – pension reform. An evaluation of the Strategy carried out by the European Commission in 2010 showed that the most important targets had not been met<sup>2</sup>, although it underlined that the Strategy had helped to build broad consensus on the reforms that the EU needed, to make the economy more resilient and to deliver concrete benefits for EU citizens and businesses (European Commission 2010).

The Europe 2020 Strategy, which took over from the Lisbon Strategy for the period 2010-2020, includes these reform priorities of active ageing and pension reform, while taking care not to explicitly renew or prolong the unmet Stockholm and Barcelona quantified targets. Europe 2020 focuses even more on cost control and reining in expenditure linked to the ageing of the European population (Daly 2012). The economic crises which have been crippling European economies since 2008 have accentuated this trend, combining it with added budgetary austerity linked to EU economic governance. Active ageing priorities are now included in the narrow and focused framework of the ‘Agenda for New Skills and Jobs’ flagship initiative, the aim of which is to achieve full employment in Europe. To meet this goal, it is vital to make better use of the potential of older Europeans. Equally, reforms of national or regional social protection systems in Europe, particularly pensions, healthcare and long-term care, are seen as an important

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2. By 2010, the Stockholm and Barcelona targets had not been met: according to Eurostat data, the employment rate of people aged 55-64 in the EU-27 increased from 36.8% in 2000 to 46.3% in 2010, below the 50% of the target. Nevertheless, the target was met by 2015, when 53.4% of the 55-64 age group was in employment. Similarly, the average actual age when people stop working increased from 60.8 in 2002 to 61.6 in 2010 – far from the 5 years hoped for. However, while progress is slow, the long-term prospects point to an increase, although the average retirement age had been on a downwards trend since the 1970s (Eurostat online data: <http://ec.europa.eu/eurostat/data/database>).

component of a constructive response to population ageing. Financing of these systems is also affected by the current economic crisis, which has resulted in high public deficits and levels of indebtedness. One of the most important questions raised at EU level is, therefore, how to restore balance to public finances and ensure the sustainability of social protection systems without excessively penalising younger generations.

The 2012 launch of the European Year for Active Ageing and Solidarity between Generations was the moment in recent years when active ageing was most visible on the European agenda. The European Year had the following objectives: to raise general awareness of the value of active ageing and solidarity between generations, to hold debates and exchanges on the subject, and to promote activities helping to combat or overcome age discrimination. A measurement tool, the active ageing index, was also developed in collaboration with the United Nations<sup>3</sup>. In the course of the year, hundreds of separate initiatives on active ageing took place at European and national levels, mainly aiming to improve information on active ageing and to encourage the exchange of ‘good practices’, i.e. successful policies pursued by the public authorities or by businesses (Tymowski 2015).

One of these many initiatives was the joint compilation by the European Employment Committee (EMCO) and the Social Protection Committee (SPC) of a list of 19 guiding principles to promote active ageing in the EU Member States. These principles were adopted by the European Council in its 2012 Declaration on the European Year for Active Ageing and Solidarity between Generations: the Way Forward (European Council 2012). These 19 principles, which are still relevant, were divided into the three main areas for action in the European year: employment, participation in society and independent living. They are set out in Annex 1.

The issue of active ageing, or, at any rate, the aspects linked to employment and transitions to retirement, has not disappeared from the European agenda and the Europe 2020 Strategy. The EU’s powers in this field are however *de facto* limited, since most levers for change are in the hands of (large) companies and social dialogue. According to Naegele and Walker (2006), European companies use eight key types of practice to actively manage an ageing workforce: recruitment, learning, training and life-long learning, career development and planning, flexible working time practices, workplace design and adaptation, redeployment, managing employment exit and the transition to retirement, and, finally, a comprehensive approach combining all other aspects.

As we shall see in Section 4, many reforms of social protection and labour market policies are dealt with by social dialogue in several EU countries: social dialogue between social partners for employment-related aspects, but also dialogue with civil society when taking a multi-dimensional approach to active ageing. At European level, the main development in 2016 in this area emerged from cross-industry social dialogue: the signing of a framework agreement on active ageing.

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3. The 22 indicators combined in the ‘active ageing index’ (AAI) cover four areas: employment, participation in society, independent healthy and secure living, and capacity and enabling environment for active ageing. <https://statswiki.unece.org/display/AAI/Active+Ageing+Index+Home>

### 3. European Framework Agreement on Active Ageing and an Inter-Generational Approach

In December 2016, as a follow-up to the European Year of Active Ageing in 2012, and in line with the guidelines set out in their 2015-2017 work programme, the European social partners concluded negotiations on an Autonomous Framework Agreement on Active Ageing and an Inter-Generational Approach<sup>4</sup>. The framework agreement was formally signed on 8 March 2017 by the ETUC (European Trade Union Confederation), Business Europe, UEAPME (European Association of Craft, Small, and Medium-sized Enterprises) and CEEP (the European Centre of Employers and Enterprises providing Public Services and services of general interest). The purpose of the agreement is to promote information and exchange of practices aimed at maintaining good working conditions throughout working life, and at enabling people to work until the statutory retirement age, in good health. This approach also emphasises the need for inter-generational solidarity, allowing the transfer of know-how and skills between workers of different age groups. Promoting lasting, good-quality jobs in inclusive labour markets, which was the purpose of the previous framework agreement signed in 2010<sup>5</sup>, also fits in with this inter-generational approach.

The 2016 framework agreement constitutes an undertaking by the social partners to cooperate in five priority areas: strategic assessments of workforce demography, health and safety at the workplace, skills and competence management, work organisation for healthy and productive working lives, and an inter-generational approach.

Strategic assessments of workforce demography should take advantage of existing tools, or develop these further, looking particularly at specific questions such as the current and projected age pyramid, skills, qualifications and experience, working conditions, including job-specific health and safety considerations – particularly for arduous occupations – as well as developments linked to digitalisation and innovation. These strategic assessments, although not an absolute requirement when establishing suitable measures to address active ageing, would help to provide a basis for employers, workers or their representatives, in accordance with national practices and procedures, to evaluate risks and opportunities and take necessary actions to adapt to changing demographics.

The protection of health and safety at the workplace is naturally one of the core concerns of social dialogue. In this case, the idea is to have relevant information enabling the identification of tasks which are particularly physically and/or mentally demanding, in order to anticipate, prevent and assess risks for health and safety at the workplace, in accordance with the EU framework directive on health and safety at work (89/391/EEC) (Ponce Del Castillo 2016). This should indicate whether practicable adjustments to the working environment are necessary to prevent or reduce identified excessive

4. [https://www.etuc.org/sites/www.etuc.org/files/press-release/files/framework\\_agreement\\_on\\_active\\_ageing\\_003.pdf](https://www.etuc.org/sites/www.etuc.org/files/press-release/files/framework_agreement_on_active_ageing_003.pdf)

5. [http://resourcecentre.etuc.org/linked\\_files/documents/FR%20%20Framework%20agreement%20ILM%20final%20agreed%20BE+ETUC.pdf](http://resourcecentre.etuc.org/linked_files/documents/FR%20%20Framework%20agreement%20ILM%20final%20agreed%20BE+ETUC.pdf)

physical or mental demands on workers, allowing them to be safe and healthy while at work until the statutory retirement age. The framework agreement makes a number of suggestions for suitable tools/measures:

- adjustment of work processes and workplaces;
- re-distribution/allocation of tasks to workers;
- effective prevention strategies and risk assessment, taking into account existing legislative obligations, including training of all workers on health and safety rules at the workplace;
- voluntary health promotion including, for example, awareness-raising actions;
- knowledge-building of management at the appropriate levels in order to address challenges and possible solutions in this field;
- health and safety measures taking account of the physical and psychological health of workers;
- review of health and safety measures between management and health and safety representatives, in accordance with existing legislative requirements (ETUC *et al.* 2017).

As well as health and safety issues, adapting work organisation to meet the needs of companies and workers is also a key area for social dialogue. To promote active ageing, it is also important to foster active and productive work throughout working life. This can be done particularly effectively by identifying any possible improvements at company level in terms of task allocation. Among possible actions to be taken, the framework agreement identifies the following:

- fostering the capacity of both young and older workers to better anticipate and adapt to changes in work organisation;
- working arrangements, including with regard to working time;
- adapting allocation of tasks between workers;
- providing necessary means to managers on age-related issues;
- fighting stereotypes related to age, for example by establishing mixed-age teams;
- transition measures for older workers towards the end of their working life;
- recruitment of new staff (ETUC *et al.* 2017).

Another important set of measures proposed in the framework agreement concerns support for skills development and life-long learning, aimed at fostering workers' employability and optimising enterprises' human capital in terms of competences and know-how. The framework agreement recalls that social partners have the role of facilitating the fair access of all workers, regardless of age, to a sufficiently broad offer of training, according to national practices and procedures, whilst all workers should be encouraged to participate in such training. Here again, the agreement emphasises various potential measures and actions:

- awareness-raising towards management and workers' representatives of skills needs in an age perspective;
- training for workers of all ages, aiming to maintain and further develop necessary knowledge and competence;

- facilitate and support personal career development and mobility;
- motivate and increase participation in training to ensure up-to-date skills, in particular digital skills;
- embedding age management into broader skills development;
- identifying formal and informal competences that workers have acquired in the course of their working life (ETUC *et al.* 2017).

Finally, the framework agreement underlines the need for an inter-generational approach, promoting solidarity between all workers, who are to be valued according to their abilities, skills and knowledge, irrespective of age. Again, a number of potential measures are identified:

- distributing tasks according to ability/skills/knowledge;
- tutoring/mentoring/coaching schemes to welcome and introduce younger workers to their working environment, including paths to allow them to fulfil their potential;
- knowledge/skills transfer programmes, both younger towards older and older towards younger workers;
- the creation of knowledge banks to capture specific knowhow and professional intelligence developed in-house and pass it on to newcomers;
- awareness-raising on the importance of being age-positive, and promotion of age diversity, including considering different possibilities regarding the balance between ages within teams;
- collaboration with education institutions or public employment services to ease transitions into and within the labour market (ETUC *et al.* 2017).

The framework agreement must be implemented within three years of the date of its signing, i.e. by December 2019. The European Trade Union Confederation (ETUC) insisted that the agreement should be binding on the member organisations of the signing parties. This more binding nature was the main stumbling block during negotiations, as employers were against it. However, one of the well-known problems with previous European framework agreements was their low level of implementation by Member States (Pochet and Degryse 2016; Degryse *et al.* 2011). The agreement therefore states that, in the context of Article 155 of the TFEU, this autonomous European framework agreement commits the signatories to promote and to implement tools and measures, where necessary at national, sectoral and/or company levels, in accordance with the procedures and practices specific to management and labour in the Member States and in the countries of the European Economic Area. In line with the terms of the framework agreement, member organisations will report on implementation of the agreement to the Social Dialogue Committee<sup>6</sup>. During the first three years after the date of signature of this agreement, the Social Dialogue Committee will prepare a yearly table summarising the on-going implementation of the agreement. A full report on the implementation actions taken will be prepared by the Social Dialogue Committee and adopted by the European social partners during the fourth year. In the case of no reporting and/or implementation after four years and after evaluation in the Social Dialogue Committee, the European social partners will engage in joint actions together with the national

6. <http://ec.europa.eu/social/main.jsp?catId=479&langId=enfr>

social partners of the countries concerned in order to identify the best way forward in implementing this framework agreement in the national context. It is still too soon to know how the actions set out in this agreement will be implemented, but this agreement could be the last of its kind, at least at cross-industry level, if it turns out to be ineffective (Pochet and Degryse 2016).

## 4. Actions taken by Member States

This section is based mainly on an analysis of the active ageing-related reforms described in the report drawn up by the European Social Observatory as part of a European research project on the situation, reforms and policies related to the ageing of the active population in the EU (Peña-Casas and Ghailani 2016)<sup>7</sup>.

### 4.1 Social protection: increasing the retirement age

Most social protection reforms of importance to older people have involved pensions. Almost all European countries have increased the retirement age, with only Poland going against the tide by reversing the thrust of a previous reform and bringing the retirement age down from 67 to 65 for men, and from 65 to 60 for women<sup>8</sup>. All EU countries allow people to allow people to receive both a pension and a salary, generally without any restrictions, though sometimes with limits on additional wage amounts (Belgium, Denmark, Spain and Hungary).

Various mechanisms have also been developed to encourage older workers to postpone the age at which they retire.

- Many countries have decided to phase out, or to considerably tighten the conditions for, access to early retirement (e.g. Denmark, Greece, Hungary, Poland, Slovenia, Austria, Italy).
- Other countries (e.g. Finland, Estonia, Cyprus) grant a bonus to late retirees, or restrict options for partial pensions (e.g. Denmark, Germany, Spain, Italy, Croatia, Finland and Sweden).
- Invalidity or disability benefits can generally be received together with a pension, but in most countries only to a limited extent, except for a few with no restrictions thereon (Bulgaria, the Czech Republic, Lithuania, Latvia and Slovenia), or where it is not allowed (Ireland, Italy and Luxembourg).
- Several countries have specific unemployment regimes for older people (e.g. Germany, Greece, Italy, Hungary, Finland). Some countries have extended the

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7. The PAWEU project ('Policies for an Aged Workforce in the EU') was financed by the European Commission (Directorate-General for Employment, Social Affairs and Inclusion). The organisations involved, under the leadership of the Fondazione Brodolini, were the European Social Observatory, the Italian social security institute (INPS) and the Romanian Ministry for Employment and Social Justice. The project analysed the situation of the older population in the EU, particularly aspects related to employability and work, as well as the reforms undertaken in the Member States to keep older people in work or find them new work.

8. <http://www.cleiss.fr/actu/2017/1702-pologne.html>

period of benefit receipt for the older unemployed, subject to certain conditions relating to age and closeness to retirement age (e.g. Ireland, Italy, Cyprus, Lithuania, Slovenia, Finland). Some countries give special benefits in the event of restructuring (e.g. Luxembourg, Germany, Belgium), or allow the older unemployed to take early retirement, subject to certain conditions (e.g. Spain, the Netherlands, Slovakia, Portugal, Poland).

- Finally, older people with insufficient resources are also, in most countries, eligible for guaranteed minimum income schemes, which are geared largely to people who are not working or who are on a low income, rather than to specific categories. Some countries also provide specific social assistance to those above retirement age. This can take the form of an old-age social pension (e.g. Bulgaria, Cyprus, Portugal, Lithuania), a supplementary allowance for older people (e.g. Belgium, France, Italy, Portugal, Slovenia), or a pension credit (United Kingdom). In recent years, however, access conditions to the various unemployment, sickness/invalidity or social assistance schemes have been tightened and availability for work stipulations stepped up for those who are (partially) fit for work (Peña-Casas and Ghailani 2016).

## 4.2 Labour market: activate older workers and the unemployed

Employment policies have followed the same path as social protection systems, with many reforms targeting older workers and the unemployed<sup>9</sup>.

These reforms explicitly geared to older people can be split into three groups: those aimed at keeping older workers in employment, those aimed at getting the older unemployed back to work, and those included in more general reforms also impacting older people.

Of the reforms adopted in the EU between 2010 and 2014 listed by Peña-Casas and Ghailani (2016), 30 directly concern older workers, 42 target the older unemployed, and 18 are more general reforms. Some countries have set up comprehensive initiatives on active ageing, including national strategies, programmes and agreements between the social partners. These agreements create the legal framework and conditions needed to facilitate longer working careers by tackling the challenges facing ageing societies. Such comprehensive reforms have been adopted, for instance, in Bulgaria, Estonia, Romania, the Czech Republic, Ireland, Portugal and Spain. Other countries (Cyprus, Finland, Hungary and Lithuania) have included initiatives to support older workers in more general approaches to labour market reform. Approaches concerning equal opportunities, life-long learning policies and broader initiatives to promote health, even those not specifically singled out as national active ageing strategies, can also be included in this general reform category. In some countries, these general approaches have emerged from country-level tripartite social dialogue or sectoral negotiations between the social partners (e.g. in Belgium, Germany, France, Finland, Denmark and Ireland).

9. This analysis is based on the European Commission's database on labour market reform (LABREF), which provides a detailed overview of the reforms adopted in recent years (2010-2014). <https://webgate.ec.europa.eu/labref/public/>

Between 2010 and 2014, several reforms directly targeted older workers. Most were in the field of active labour market policies, particularly reforms of the public employment services (e.g. Spain, Poland, Sweden, Belgium), or training policies (e.g. Germany, Poland, Luxembourg). Labour taxation reforms were also put in place, mainly in relation to social security contributions paid by employers (e.g. Belgium and Italy), or workers (e.g. Austria, Slovenia). Reforms also amended employment protection legislation, mainly the rules on collective dismissals (e.g. Belgium, Luxembourg and Spain), or the definition of fair dismissal (Bulgaria). Other reforms concerned the field of social benefits, particularly in Austria and the United Kingdom.

Many reforms were specifically aimed at helping the older unemployed to return to work. These focused mainly on active labour market policies, using hiring subsidies for companies taking on older unemployed people (e.g. Austria, Slovenia, Latvia, Portugal, Romania, Belgium, the Netherlands, Spain, France), reforms of the public employment services to establish more targeted and suited activation services (e.g. Belgium, the Netherlands, France, Romania), or direct job creation (e.g. Greece, Slovakia, Bulgaria). Other reforms directly targeted unemployment regimes, making eligibility dependent on activation procedures (Spain, Belgium), or extending the period during which older unemployed people receive benefits (Slovenia, Spain).

It is difficult to assess the specific impact of these reforms as this involves evaluating the incentives for older workers to remain active as long as possible or to return to work quickly. Granting subsidies to companies for recruiting older unemployed workers, and introducing or tightening activation measures for this category, are two of the main types of reform adopted. Studies have recently examined the relative effectiveness of these measures. Subsidising the employment of older unemployed people tends to result in displacement of non-subsidised employment (windfall and displacement effects), generating very limited increases in the overall employment of older people, although such measures can have a more positive effect on getting older women back to work, at least in certain regions (Boockmann 2015). Similarly, empirical data on the activation of older unemployed suggests that eliminating or raising the age of exemption from the obligation to actively seek employment does help to get more older unemployed people back to work, but only where there is also a good follow-up process, as well as sanctions to guarantee the effectiveness of these measures (Bloemen 2016; Lammers *et al.* 2013). Here again, the quality of the follow-up is crucial, and depends, in particular, on the means used. Empirical data also shows that the withdrawal of exemptions often has a negative effect, resulting in more people becoming inactive or claiming disability support. Moreover, active job search requirements do not really work for the older long-term unemployed, particularly if they are low-skilled. Finally, as with all unemployed workers, the imposition of active job search requirements has no impact on labour market restrictions due to structural weaknesses and/or discriminatory behaviour by employers vis-a-vis older unemployed (Lammers *et al.* 2013).

Increasing employment rates among older people is also supposed to help finance social protection, especially by reducing the growing burden of pensions in overall social expenditure in the EU Member States. However, a recent report (European Commission

2016) suggests that a 10% increase in the employment rate for older workers (aged 55-64) over the period 2013-2060 would have only a very minor impact on state pension expenditure, ranging from -1 % of gross national product (GNP) in Belgium to -0.1 % in Spain and Greece. In several countries, the effect would even be to increase pension spending, particularly in France (+0.7 % of GNP), but also in Estonia, Latvia, the Czech Republic, Finland and Italy. This would be due to the interaction of two contradictory effects. On one hand, a reduction in the inactive population would lead to a rise in gross national product, a reduction in the number of pensioners and the creation of further drawing rights. On the other hand, longer working lives would also imply the acquisition of higher pension rights, resulting in supplementary pension expenditure (European Commission 2016: 100).

If it is difficult to measure the impact of the reforms undertaken by European countries to encourage older people to stay in employment and to foster labour market participation, it is just as tricky to assess how the European and national levels interact in this area. As explained in Section 2, there are strong European incentives in the field of active ageing, both legally binding (Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation) and non-binding (the Lisbon Strategy quantified targets). Yet it is difficult to establish the extent to which national reforms are the result of this influence from Europe, rather than responding above all to specific national needs. The Member States currently most effective in terms of active ageing, such as the Scandinavian countries or Germany, carried out reforms well before the beginning of the millennium and the introduction of binding and non-binding European incentives. Ageing-related issues, particularly the financial sustainability of pension and health systems, have certainly motivated countries to adopt reforms to increase employment among the older population and to postpone retirement. While the urgency of the ageing challenge varies between EU Member States, the challenge itself is still one they share. In this context, countries are bound to feel encouraged to carry out reforms, particularly with increasing pressure for budgetary rectitude coming from the new economic governance expressed in the European Semester and the Stability and Growth Pact (Fabbrini 2016).

## Conclusions

European societies are confronted with population ageing, with all its economic and social consequences. Demographic changes exert strong pressure on social protection resources: increased expenditure means that social protection is torn between maintaining adequate provision and ensuring financial sustainability of the social systems. The older active population is a varied group, the size of which varies between the EU countries, but which will inevitably see relative growth across-the-board in the years to come. The situation within the EU ranges from severe demographic pressure in some countries (e.g. Germany, Italy, Finland, France, Belgium and Sweden), to milder pressure, at least in the short and medium term, elsewhere (e.g. Spain, Ireland, Poland and Romania).

While the demographic challenge of population ageing is a subject of concern for all EU countries, the extent of the political action taken and of demographic pressure have varied between Member States. The political response to ageing issues depends above all on the desire and ability of European societies and of the EU to go beyond a short-term vision focused on increasing employment rates and reducing older unemployment, and on raising the retirement age. The analytical framework for active ageing highlights that this is a complex and multi-dimensional issue, requiring in-depth action in key policy fields and in a long-term perspective (WHO 2002; Walker and Maltby 2012). This is particularly necessary in our globalised world. All actors are affected by this development and have a role to play: EU and Member State institutions, but also the social partners and civil society. The current situation of older people on the labour market and more broadly in society shows that vast and decisive investment is needed in areas such as equal opportunities, life-long learning, health, and more generally to tackle the economic and social inequalities which have grown within the EU.

Radical changes are also needed in the way in which the labour markets now function in Europe, including for older people. The current disparities faced by active older people must be smoothed out, and investments must take place so that younger members of society can also better envisage working longer, while preserving their healthy life expectancy and encouraging sustainable transitions right from their entry onto the labour market. To achieve this, work organisation should gradually be modified, and consideration should clearly be given to models different to those currently in place, the limitations of which have become clear. The current political approach, based on a limited and damaging vision (any job at any cost) should gradually be abandoned, so that employment and work can be seen in a longer-term perspective, that of the individual's working life. As is emphasised by the United Nations and the International Labour Organization (ILO), and taken up by Eurofound, efforts should be made to help bring about a progressive shift towards sustainable work throughout the life course (Eurofound 2016 and 2012).

It is important, therefore, to improve the quality of employment and work for older workers, by adapting their workplaces but also by changing the way work is organised, particularly by reducing their working time. This would allow them to carry on working, and to better fit work with family commitments, in terms of caring for dependents. There must also be a radical reduction, over the working life, in the physical and mental health risks to which workers are exposed. This should help ensure a gradual transition to retirement and inactivity, as late as possible and with the least possible upset. These are the main ideas set out in the 2016 framework agreement on active ageing drawn up by the European social partners. What is more, the recent European Commission proposal for a European Pillar of Social Rights (EPSR) takes the same approach<sup>10</sup>, as do the binding and non-binding initiatives which accompany it, particularly the proposals for a communication on interpretation of the 2003 working time directive, for a work-life balance directive, and the consultation of the social partners on access to social protection (European Commission 2017a, 2017b and 2017c). The various aspects which

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10. See also the chapter by Sabato and Vanhercke on the EPSR in this volume.

make up quality of employment and occupation are the backbone of the EPSR, and should therefore be understood as fundamental social rights for all Europeans. Let us hope that the Commission's stated aim to make these social rights more 'effective' will become reality for all EU citizens, including older members of society (AGE 2016).

As things currently stand, one fundamental right of all older citizens, the right to non-discrimination in work and employment, is disregarded in many Member States. Sustained efforts will still be required from the social partners and the European and national institutions to create a truly positive 'culture' of active ageing and non-discriminatory recruitment. For if there is one point on which policies geared to offering financial incentives to employers fall short, it is the issue of discrimination.

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## **Annex 1**

### **Guiding principles for active ageing and solidarity between generations**

#### (1) Employment

1. *Continuing vocational education and training*: Offer women and men of all ages access to, and participation in, education, training and skills development allowing them (re-)entry into and to fully participate in the labour market in quality jobs.
2. *Healthy working conditions*: Promote working conditions and work environments that maintain workers' health and well-being, thereby ensuring workers' life-long employability.
3. *Age management strategies*: Adapt careers and working conditions to the changing needs of workers as they age, thereby avoiding early retirement.
4. *Employment services for older workers*: Provide counselling, placement, reintegration support to older workers who wish to remain on the labour market.
5. *Prevent age discrimination*: Ensure equal rights for older workers in the labour market, refraining from using age as a decisive criterion for assessing whether a worker is fit for a certain job or not; prevent negative age-related stereotypes and discriminatory attitudes towards older workers at the work place; highlight the contribution older workers make.
6. *Employment-friendly tax/benefit systems*: Review tax and benefit systems to ensure that work pays for older workers, while ensuring an adequate level of benefits.
7. *Transfer of experience*: Capitalise on older workers' knowledge and skills through mentoring and age-diverse teams.
8. *Reconciliation of work and care*: Adapt working conditions and offer leave arrangements suitable for women and men, allowing them as informal carers to remain in employment or return to the labour market.

#### (2) Participation in society

9. *Income security*: Put in place systems that provide adequate incomes in old age, preserving the financial autonomy of older people and enabling them to live in dignity.
10. *Social inclusion*: Fight social exclusion and isolation of older people by offering them equal opportunities to participate in society through cultural, political and social activities.

11. *Senior volunteering*: Create a better environment for volunteer activities of older people and remove existing obstacles so that older people can contribute to society by making use of their competences, skills and experience.

12. *Life-long learning*: Provide older people with learning opportunities, notably in areas such as information and communication technologies (ICT), self-care and personal finance, empowering them to participate actively in society and to take charge of their own life.

13. *Participation in decision making*: keep older women and men involved in decision making, particularly in the areas that directly affect them.

14. *Support for informal carers*: Make professional support and training available to informal carers; ensure respite care and adequate social protection to prevent social exclusion of carers.

### (3) Independent living

15. *Health promotion and disease prevention*: Take measures to maximise healthy life years for women and men and reduce the risk of dependency through the implementation of health promotion and disease prevention. Provide opportunities for physical and mental activity adapted to the capacities of older people.

16. *Adapted housing and services*: Adapt housing and provide services that allow older people with health impairments to live with the highest possible degree of autonomy.

17. *Accessible and affordable transport*: Adapt transport systems to make them accessible, affordable, safe and secure for older people, allowing them to stay autonomous and participate actively in society.

18. *Age-friendly environments and goods and services*: Adapt local environments as well as goods and services so that they are suitable for people of all ages (design-for-all approach), in particular by making use of new technologies, including eHealth; prevent age discrimination in the access to goods and services.

19. *Maximising autonomy in long-term care*: For people in need of help/care, ensure that their autonomy and participation are augmented, preserved or restored to the greatest possible extent and that they are treated with dignity and compassion.

Source: European Council (2012).

