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# **Towards a Europe for All Ages**

**- Promoting Prosperity and Intergenerational Solidarity**

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## **EXECUTIVE SUMMARY**

This Communication "Towards a Europe for all Ages" constitutes the contribution of the Commission to the UN International Year of Older Persons. It aims to stimulate debate between and with Member States. It sets out the implications of the ageing of the population in employment, social protection, health and social services and proposes a strategy for effective policy responses in these fields, based on strengthening co-operation amongst all actors and solidarity and equity between generations.

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The challenge to our societies posed by ageing has several dimensions.

- One dimension is the relative decline of the population of working age and the ageing of the workforce. The next 20 years will see considerable changes. During the period 1995-2015, the 20-29 age group will fall in number by 11 million (-20 per cent), while the age group 50-64 will increase by 16.5 million (more than 25 per cent). This calls for a strong focus on the age aspects of human resources management, a factor that has until now been neglected. It also implies a rethinking of policies which encourage early exit from the labour market, instead of lifelong learning and new opportunities.
- A second dimension is the pressure on pension systems and public finances stemming from a growing number of retired people and a decline in the working age population. Over the next 20 years the population above the standard retirement age, 65 years, will increase by 17 million. Within this group the very old, those over 80, will increase by 5.5 million. Intergenerational equity requires that the long term sustainability of public finances is given due attention. A broader base for social protection systems must be secured through a higher employment rate for those of working age. Pension systems should be made less sensitive to demographic and other changes.
- A third dimension is the growing need for old age care and health care. The sharp growth in the number of very old people in need of care will lead to a growing demand on formal care systems. These systems will have to be further developed to cope with the new situation. Simultaneously there should be policies to curtail the growth in dependency through the promotion of healthy ageing, accident prevention and post-illness rehabilitation.
- A fourth dimension concerns the growing diversity among older people in terms of resources and needs. Differences in family and housing situation, educational and health status and in income and wealth crucially determine the quality of life of older people. Fortunately, today the great majority of older persons are well provided for. Yet, that most older people enjoy better living conditions than in the past should not blind us to the continued risk of social exclusion and poverty tied to age. Policies are required which better reflect the diversity of social situations of older people, i.e. which mobilise better the resources at the disposal of large segments of the older people and which more effectively combat the risks of social exclusion late in life.

- The gender issue is also of particular importance. Today women account for almost two-thirds of the population above 65. One important aspect of this issue refers to social protection. The historically weak labour market participation of women, social protection systems based on the model of the male breadwinner, and gender differences in longevity have left insufficient pension cover for many older women.

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These dimensions of the ageing challenge have led the Commission to the following policy conclusions:

1. In the European Employment Strategy, the European Union has set out to combat unemployment and "to bring about a significant increase in the employment rate of Europe on a lasting basis." The low employment rate of older workers has been identified as an important factor and Member States have been invited to develop measures aimed at maintaining workers' capacities, promoting life-long learning and flexible working arrangements, as well as reviewing tax and benefit schemes to improve incentives to take up job offers and training opportunities. The Strategy stresses the particular role of the social partners in this regard. The Commission will invite the social partners to reflect on how more emphasis can be given to the age dimension in human resource management.

2. Social protection policies. In its work programme for 1999 the Commission undertook to develop policies to further modernise and improve social protection. It is envisaged that this could take the form of a Communication on social protection which would propose a new process of cooperation between the Commission and Member States in this field. Adapting to the ageing challenge will be one of a number of important issues to be addressed in this process. Particular attention has to be paid to ways to reverse the trend towards early retirement, to explore new forms of gradual retirement and to make pension schemes more sustainable and flexible.

3. Health policies, old age care and research instruments. The Commission will give special attention to medical and social research related to ageing in the fifth framework programme for Community research. This will cover a wide range of research activities including basic, medical, technological and social research. Health aspects of ageing are also a central concern in preparations for the development of new public health instruments at community level. Furthermore, the Commission will support the Member States in their efforts to develop adequate responses to ageing in health and care through studies of how different systems are working.

4. Policies against discrimination and social exclusion. In its Social Action Programme 1998-2000 the Commission is committed to make proposals based on article 13 of the TEC as modified in Amsterdam, in which workplace-based discrimination on the grounds of age would be dealt with along with other grounds. The programme also sets out the Commission's intention to explore the possibilities for developing new Community action programmes based on articles 13, 129 and 137 of the TEC as modified in Amsterdam. Under these older men and women could be covered when affected by discrimination, unemployment and social exclusion

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The magnitude of the demographic changes as we enter the 21st century will force the European Union to rethink and change outmoded practices and institutions. An active society for all ages requires a strategy which both enables and motivates older people to stay involved in working and in social life. The growing number of retired people constitutes a wealth of under-utilised experience and talent. They also create new needs to be met by enterprises, public organisations and NGOs.

The Commission is committed to stimulating the debate about the societal aspects of demographic change, while promoting at all times a Europe for All Ages, i.e. a strong sense of intergenerational solidarity as well as intergenerational equity. During 1999, the International Year of Older Persons, the Commission is supporting a series of studies and conferences on the various aspects of active ageing to support the Member States in their search for good strategies.

## 1. INTRODUCTION: THE DEMOGRAPHIC CONTEXT

The study of current demographic trends leads to the following observations:

- Between 1960 and 1995, the increase in the average life expectancy of EU citizens was 8 years for men and 7 years for women. This is one of the great achievements of the latter part of the 20th century. This very success in prolonging life, coupled with the fertility drop below the replacement level – now evident in all Member States – will make the phenomenon of demographic ageing particularly dramatic in the 21<sup>st</sup> century.
- The European population will soon stop growing in size (see graph 1). It will then gradually start decreasing, though at different times and speeds in different countries and regions. In almost one quarter of European regions the population will already have stopped growing before the end of the century. Soon our societies will have a much larger proportion of older persons and a smaller working age population (see graph 2). The youngest generation, the 0-14 age group, representing 17.6% of the population in 1995, will fall to 15.7% in 2015, a decline of almost 5 millions. The generation 15-29, from which entrants into the labour market are drawn, will decrease even more rapidly (-16%, equivalent to a decline of 13 million).
- Among older age cohorts, the exact opposite will occur. The generation 50-64 will increase by more than 16 million (26%) while the growth of people of retirement age (65+) and the very old (80+) will approach 30% and 40% respectively. The changes in the 80+ group will be larger and happen faster than changes in any other age group.
- Demographic ageing will become more pronounced over the next two decades. All Member States are concerned although with differences in the intensity and timing of trends.
- Similar trends are evident among the applicant countries. With the exception of Poland, the Slovak Republic and Cyprus, where the working age population continues to grow, though at a decreasing pace, demographic ageing is already well underway and likely to accelerate. If economic growth is to be sustained in the face of a significant drop in the size of the population of working age, the activation of existing labour force reserves will be required. Moreover, most of the applicant States will also be confronted with significant ageing related challenges in the areas of social protection and health, where they will need to take special measures to secure financial sustainability and lower mortality rates.
- According to the 1995 Demographic Report, extra-Community migration inflows can at most, only partially contribute to slowing down the process of population ageing. In comparison to current levels, net immigration to the

Union would have to rise to more than 4 million per year after 2005 to compensate for the ageing effect of the baby boom generations<sup>1</sup>.

- Ageing also raises important equal opportunity issues. The weak participation in the labour market of the present generations of women over 50 is largely the consequence of the unfavourable environment for female participation of the past. As women live on average 6 to 8 years longer than men, pensions are of particular importance to them; their low labour force participation leaves them at risk of being poorly covered. Women's low labour force participation often leads to their having poor pension coverage.

Demographic ageing will force European society to adapt and European people to change their behaviour. The extent to which these societal and behavioural changes can be brought about in a positive way will depend largely on the choice of policies put forward at European, national and local level. In this communication the Commission sets out its views on the policy changes which are required regarding employment; pensions; health and caring strategies; and policies to promote participation and social cohesion.

## **2. ADAPTING EMPLOYMENT POLICIES AND PRACTICES TO AGEING**

Changes in markets, technologies and work organisation mean that worker's skills are having to adapt more and more quickly. Demographic ageing means that labour will become a resource, which we have to handle with far greater care than before. Thus the need for better-skilled and more employable workers, together with more adaptable workplaces, will be intensified.

### **2.1. The challenges: Ageing process and labour supply**

As a result of the overall ageing of the population, and, in particular, with the ageing of the big demographic wave created by the baby boom generations, (born from the late 1940's till the middle 1960's), the working age population is getting older. After a long period of stability at around 40 years, the average age of the working age population has been moving steadily upwards since 1995.

During the past 20 years, the entry of the baby-boom generations to the population of working age produced a major increase especially in the intermediate 30-49 age group. The next 20 years will see considerable changes in the contribution of the various age groups. The 20-29 age group, who replenish the population of working age, will fall by 11 million. The intermediate group will remain at its present size, and the oldest group of 50-64 years will increase by 16.5 million, - more than 25%.

In the context of demographic ageing, participation levels and, therefore, overall labour force numbers will be more and more influenced by the

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<sup>1</sup> European Commission (1995): "The demographic situation in the European Union", p. 18.



activity patterns of the (significantly larger) older generations. Graph 4 shows that if employment is to continue to grow at an average rate of 0.6%, as it has since 1985, then we need to halve the unused resources in the working age population - the unemployed and the inactive, including the early retired- by 2015. However, unemployment would continue for some more years to be the major issue in the majority of the Member-States.

It is therefore, necessary to achieve activity rates for all groups in the working age population which are as high as possible. The success in mobilising inactive human resources will be a crucial factor for improving performance in terms of job creation and economic growth. This requires policy action in a number of areas and at different policy levels. Among the main priorities are: reinforcing the employability of ageing workers; reviewing employment rules and practices to adapt the workplace to ageing; and promoting equal opportunities.

In recent decades, European activity rates have benefited from growing female participation to the labour market. For the last five years, average overall activity rates<sup>2</sup> have been quite stable at around 68 % with a falling rate for men and an increasing rate for women at all ages. This particularly reflects lower activity rates by male workers beyond a certain age, typically associated with industrial restructuring. This accounted for a fall of more than 6 percentage points in the participation of men aged 55-64 between 1986 and 1997, contrasting with a slight increase of 4 percentage points for women, but from a low level.

Early retirement has also been seen as a way to create more employment opportunities for the young unemployed, although it must be said that the direct link between early retirement and job creation for the young has been weaker than expected. With the ageing of the labour force, if Europe maintains current levels of early exit from work, there will be labour shortages and greatly accentuated old age dependency burdens.

In general, older workers are more concentrated in declining industries and statistics show that they tend to be less mobile than younger people. They also tend to be affected by the trends which have seen firms opting progressively for fewer blue collar workers, a smaller number of highly qualified executives and more extensive use of flexible forms of employment.

Today, investment in training and staff development is concentrated on the younger cohorts, leaving the middle and older cohorts with gradually depreciating qualifications and, therefore, less able to cope with change.

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<sup>2</sup> A distinction is made between activity rates, which indicates the percentage of the working age population seeking work or in employment and the employment rate, which refers to the percentage in employment.

Over the working lifetime, their risk of marginalisation and eventual exclusion from the labour market grows. In the end, older workers often find that early retirement is the only choice left to them.

To maintain an increasing number of older people at work and to prevent their exclusion from the labour market, it will be vital to preserve and strengthen their employability. This includes investing in their skills, their motivation and their mobility. Good practices to secure life long learning must be supported and disseminated.<sup>3</sup>

Some Member States have policies to prevent the dismissal of older workers in the context of industrial restructuring (e.g. France).

An objective of keeping older workforces in work need not necessarily mean keeping the older workers in the same work. A mix of measures which remove institutional restrictions and other rigidities could promote job mobility for older people. Some companies may find it appropriate to recruit older workers to comply with the expectations of ageing consumers (e.g. the retail sector in Denmark). Temporary contracts, part-time work and subcontracting represent increasing sources of job creation. Jobs are increasingly generated through SMEs, independent employment and different forms of flexible working. Employment policies need to facilitate the access of ageing workers to these kinds of enterprise and these forms of employment.

It is also worth recalling that those sectors which offer good opportunities for employment growth may also be most suitable for the use of new flexible working arrangements. Work in the services sector, in community and third sector enterprises is often offered in part-time and short-term form. Thus it may often meet the requirements for promoting active ageing and gradual retirement. These sectors should be made more accessible to the older part of the labour force.

Companies often neglect the age dimension in human resources management and job design. Modern technology and ergonomics can reduce stress and increase the productivity of older workers, compensating for any physical decline where this may be a critical factor. Improving the work environment would also contribute to extending healthy life and active ageing.

An equally important issue concerns the adaptation of work organisation and the management of modern firms to ageing. Practices which lead ultimately to exclusion start well before exit from the labour market. The rapidly increasing number of ageing workers requires new approaches to all

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<sup>3</sup> In Community education and training programmes the emphasis on life long learning is already strong and it will be even more pronounced in the new versions under preparation of the Socrates and Leonardo da Vinci programmes running from year 2000 till 2006.

matters relating to the link between age and productivity. Arrangements are also needed which would allow for a later and more gradual move to retirement. Raising awareness and promoting good practices in the field is a prerequisite of a successful active ageing strategy.

## **2.2. Promoting Equal opportunities between women and men**

Ageing raises several equal opportunity issues. Women's increasing participation will be the main source of future labour force growth in many Member States. Policy makers increasingly recognise that demographic ageing will further underline how the important women's participation in work is to economic growth. Nevertheless, female participation is still far too low in many Member States. More than 50% of working age women over 50 do not have paid work. This partly results from the difficulty of combining economic activity with family obligations. Moreover, women continue to be over-represented in the more vulnerable and lower paid sectors which are at greatest risk of redundancy.

These trends call for policy action aimed at:

- Facilitating female access to more secure and better paid careers and securing equal opportunities for participation in training and skill-updating throughout working life.
- Further policy focus on the goal of reconciling family and working life. Better sharing of family responsibilities between men and women and more carer-friendly employment policies (addressing caring for older dependants as well as for children) need to be further promoted;
- Further exploration of the possibilities for using fiscal and family policy tools to promote female labour force participation;

- Within the framework of the EU Employment Strategy, the Commission is committed to promote policies which can secure adequate adaptation to the ageing of the labour force and to supporting efforts of Member States with funding from the European Social Fund. For older workers support for active labour market policies to combat unemployment and prevent men and women from sliding into long term unemployment will be of particular importance.
- In the Employment Guidelines for 1999, the European Union has set out its objective of creating "a labour market open to all" and invited the social partners to pay further attention to the age dimension in human resources management. Measures could be both active and preventive, involving in particular life-long learning.
- During the period 1998-1999 the Commission has been engaging in a wide-ranging consultation with a view to bringing forward proposals under article 13 of the TEC as modified in Amsterdam to outlaw all forms of discrimination in employment, including discrimination on grounds of age.

### 3. ADJUSTING TO AGEING IN RETIREMENT AND PENSIONS

#### 3.1. Adapting retirement ages to longer lives and better health

Adapting to ageing involves adjusting the different phases of our lives to the changes and opportunities arising from increases in longevity. Since the 1950s, when the pension age was fixed at 65 in most public pension schemes, life expectancy has increased by 8-10 years. Yet in the same period male labour force participation at ages 60-64 has dropped from close to 80% to approximately 30%. The trend over the last two decades towards ever earlier exit from the labour market has also substantially eroded participation rates for workers in their fifties.

This may be seen as the result of a widespread desire to exchange income for leisure as society and individuals grow wealthier. Early exit is undoubtedly an attractive short term option for some older workers when measured against the pressures of work or long term unemployment. But surveys demonstrate that about 40 % of early retirees regard their labour market exit as primarily involuntary and would have liked to continue working in some capacity.

Does it really make sense for individuals to retire 5-10 years earlier than their parents did, when they are in far better health, generally have easier working conditions and are likely to live 6-8 years longer? Might the choice not be different if older workers had the opportunity to enhance their work skills and acquire new ones? How many would opt for a gradual withdrawal from work, if this were made more readily available?

These questions need to be asked and answered now, as the first cohorts of baby-boomers are rapidly approaching the age of early retirement. The sheer size of the baby-boom generations means that if they were to adopt present patterns of early retirement, it would greatly accentuate the old age dependency rate. Social security schemes could be overburdened and labour scarcities would be likely to arise in many areas and sectors.

The baby-boom generation is probably the most resourceful, best-educated and healthiest generation to date. They are thus ideally positioned to make the best use of the opportunities offered by gains in longevity. To squander their contribution through the continuation of current labour market practices would be very wasteful.

Here, as in other areas, it will be important that active ageing policies are sensitive to the needs, resources and preferences of individuals<sup>1</sup>.

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<sup>1</sup> Inequalities in income, health status and life expectancy between social groups have tended to widen in the last decades and this also pertains to older people.

### **3.2. Moving beyond the pension design debate**

There are good reasons for reforming pension systems. But there is no design panacea, and adequate reforms take time and may themselves be painful.

Much of the debate to date has centred on whether “pay as you go” systems or funded systems will best meet the challenge of transferring goods and services from the active to the retired generations. Irrespective of the method chosen, the transfer of resources will have to be considerably increased. What is clear is that in order to minimise the increased burden to be imposed on those in work, there should, as far as possible, be an expansion of the funding base through higher activity and employment rates for all of working age. Pension reforms are an important part of the necessary adjustments to ageing, but they will only be really effective when backed up by active ageing and higher employment rates in general.

### **3.3. The productive agenda for pension reform: Making schemes support later and more gradual retirement**

The most productive and efficient way to counter the threat of ageing to the sustainability of pension systems is to reverse the trend towards early retirement. By enabling and motivating workers to work longer and to opt for a later and more gradual exit from labour markets we can reduce pension costs, raise extra revenue and get a larger productive input to growth. What we need to do is to change the retirement behaviour of people.

Pension reforms on their own are only one element in what is needed. Changing the retirement pattern will require the input of the social partners with the support of public labour market, taxation and work place policies.

Yet, while early retirement pension options may not be the sole cause of early exit, they surely play a key role in facilitating it. They make it far too easy for employers, unions and workers to shift labour market problems onto pension schemes. Their existence prevents the relevant actors from focussing on the necessary changes in age management. Making pension systems sustainable will mean limiting access to early retirement. However, such a limitation must be backed up by a removal of the barriers and disincentives which prevent men and women from working longer; and, simultaneously, by the provision of better and more appropriate employment opportunities for ageing workers. We must both reduce the demand for and the access to early retirement schemes, while also bearing in mind that other exit routes such as disability or long term unemployment benefit options, may play an equivalent role. There will continue to be a need for social protection schemes which allow people to retire early under certain circumstances, e.g. in the event of long-term illness/disability; or within regions where the prospects of re-employment for redundant older workers are particularly poor. There may also be sectors where incentives for early retirement will need to be continued for some time to come in

order to meet sector specific conditions and challenges.<sup>5</sup> However, early exit should revert to being the exceptional situation which it once was. Options involving a less than full break from the labour market, e.g. part-time work should be explored as an alternative.

In consultation with the social partners, pension schemes need to be adapted to permit more gradual retirement in flexible combination with various forms of work income. Gradual and part time retirement based on collective agreements and possibly supported by government programmes could become one important way to bridge the gap between effective retirement ages and the statutory pension age, especially in sectors where working longer on a full time basis is less feasible. Throughout, success in turning the tide will depend on striking a good balance between the flexibility demanded of individuals and the security afforded them.

Recent computations suggests that if we could raise effective male retirement ages to somewhere between 64-65 years old and retain present growth in female labour force participation rates, the vast bulk of the coming rise in the old age dependency burden could be offset<sup>6</sup>. Adjustments to contribution/benefit formulas may still be necessary to some extent. The advantage of such a "productive" response is that the need for contribution hikes and benefit cuts can be made much more manageable. At the same time it can give people in their late 50's and early 60's a better participation in society: active roles, better status and better quality of life.

The factors behind early retirement are many and complex. Changing employer and union practices in age management will require a major effort in close co-operation with and between the social partners. Altering the expectations and attitudes of older workers will require that they be offered better opportunities and incentives to stay in working life. Moreover, working longer will entail a lot of part time work at least in the beginning. For the short to medium term it would make sense for the European Union to aim to raise average effective exit ages by 2 years. In the medium to long term, as the full impact of demographic ageing comes into effect, we should strive to enable the great majority to work longer and restore effective retirement ages to approach the formal pension age.

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<sup>5</sup> It may for example in certain circumstances pertain to agriculture: One of the accompanying measures of the Common Agricultural Policy. The Community early retirement scheme from farming under Regulation (EEC) no 2079/92 aims to promote the necessary renewal, restructuring and improvement of economic viability of the remaining farms by providing a satisfactory income to elderly farmers who stop farming altogether and thereby give young farmers better conditions for setting up and developing farms.

<sup>6</sup> OECD (1998): *Maintaining Prosperity in an Ageing Society*. p. 42 and note 19 p. 113.

### **3.4. Making pension systems less sensitive to demographic and other major changes**

The precise route to achieving sustainability of pension schemes will vary from Member State to Member State, taking account of the differences which exist in the overall pension system and in eligibility criteria, contribution/benefit formulae and indexing mechanisms of public schemes. Some general principles are however, clear. Governments and social partners should consider the potential benefits from policies aimed at:

- Securing the broadest and most equitable revenue base for public pension schemes;
- Developing a sustainable mix of mutually supporting pension pillars based on legislation, collective agreement and private contract, and thus ensuring a broad spread of responsibilities between government, the social partners and the individual in old age income provision.
- Solidifying the implicit inter-generational contract by striking a sound balance in pension systems between long-term financial sustainability, intergenerational solidarity and equity between and within generations.

### **3.5. Providing a more secure and profitable environment for supplementary pensions**

A number of Member States have opted for a two-tier system of pension provisions under which the primary system provides basic pensions while pre-funded second pillar systems provide income maintenance. Pension funds can benefit greatly from genuine access to the Single Market and the single currency. An EU-wide capital market can better absorb the growth in pension funds and allow for better risk diversification and better rates of return on investments for pension savers. Moreover, a more liberal environment for cross-border investment of pension savings would contribute to the development of European capital markets and could enhance employment and growth. A framework needs to be developed that allows pension funds and the European economy to reap these potential benefits. The main issue is how to guarantee the safety of pensions while allowing a freer climate for fund investment. The potential benefits from Union-wide regulatory provisions and supervisory bodies should be considered<sup>7</sup>.

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<sup>7</sup>The Commission services are preparing a Communication on Supplementary Pensions.

### **3.6. Guaranteeing an adequate minimum income, while taking account of the changing context of redistributive issues between and within generations**

Guaranteeing adequate minimum resources in old age continues to be an important issue - particularly from a gender perspective. As the European population ages, the impact of previous barriers to workforce participation for women is highlighted. Relatively low workforce participation of women; the effects of marital breakdown on social pension systems geared to models of male breadwinners in stable nuclear families; and gender differences in longevity may all contribute to insufficient social protection cover for many older women. The promotion of equal opportunities in labour markets and social protection may substantially reduce this problem over time. But for the time being, special measures are called for<sup>8</sup> to compensate for the frequent inadequacy of pension schemes in meeting the needs of women who, it must be remembered, constitute a majority among pensioners<sup>9</sup>.

At the same time, a large share of pensioner households have a disposable income per head equal to or above those of young, two earner families with children. Our traditional perception of the distributive issue for social protection - that there is a need to move more resources to retired people - is now too simplistic.<sup>10</sup> Redistribution between different groups among the aged will become increasingly important as income differentials among older people widen.

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<sup>8</sup> Differences between the activity rates of men and women over the course of their lives continue to be substantial in some Member States. And even where participation rates are converging it will still be necessary to take account of the greater caring commitments of women if equal pension coverage is to be secured. Among other things it will continue to be important to increase flexibility in pension contribution requirements so that, for example, childcare breaks can be compensated for by the worker's overall contribution record.

<sup>9</sup> Because of gender differences in longevity more than two-thirds of pensioners above the age of 75 are likely to be women.

<sup>10</sup> However, intergenerational transfers are more complex than pension systems suggest. Recent studies demonstrate that many older people use significant parts of their surplus resources to support their children or grandchildren.



- In its work programme for 1999 the Commission committed itself to develop policies to further modernise and improve social protection. It is envisaged that this could take the form of a Communication on Social Protection which would propose a new process of cooperation between and with Member States in the field of social protection. Adapting to the ageing challenge will be one of a number of important issues to be addressed within the framework of this new cooperation process. Particular attention should be paid to the development of policies to reverse the trend towards early retirement; to explore new forms of gradual retirement; and to make pension schemes more sustainable and flexible.
- An important part of the 5<sup>th</sup> framework programme<sup>11</sup> for research, technological development and demonstration activities will be dedicated to socio-economic research elucidating the complex interaction between societal trends, changes in family structures, economic changes, including changes in the labour market, against the background of structural, demographic and social change, and taking account of the regional diversity. These activities will contribute to the policy decision-making process improving our knowledge of the challenges facing Europe and their main consequences.

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<sup>11</sup> O.J. L26 – 1 February 1999 – Decision no.182/1999/EC of the European Parliament and of the Council relating to the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998 to 2002).

#### **4. RESPONDING TO NEEDS IN HEALTH AND CARE THROUGH HEALTHY AGEING**

Ensuring access to adequate health and care services is fundamental to the European model of solidarity. The rapid growth in the number of old and very old people over the coming decades will put this principle to a severe test. Though healthier than the previous generation of older people, older women and men require more and different health and care services than middle aged and younger people. Ageing will therefore tend to strain our health resources<sup>12</sup>. Yet, through a combination of health promotion, healthier lifestyles, accident prevention and better rehabilitation after illness, the need to expand clinical and care services can be minimised.

##### **4.1. The benefits of promoting preventive over curative approaches**

Improvements in living conditions and medicine have contributed to a longer “active life expectancy”. The average age at which older people develop some form of dependency and begin to require domestic care or surveillance is rising<sup>13</sup>. Promotion of active ageing and other forms of healthy life styles along with further progress in medicine are likely to reinforce this trend. Yet the potential benefits from medical developments should not be overestimated. Although new medical technologies can reduce costs in certain cases, taken together, they paradoxically tend to increase overall spending. An emphasis on preventive strategies including healthier nutrition and physical and mental activity is likely, in the context of demographic ageing, to yield higher gains. Truly ageing relevant health promotion should start with the lifestyles of the young and the middle-aged. Shifting to healthier life styles can still be important for life quality even if it only starts after the age of 65. Recent studies show that even fairly minor changes in nutrition and life styles may significantly improve the health status of older persons. One example is osteoporosis, a major cause of disability among older women which can be at least partially prevented at little cost through nutrition campaigns.

##### **4.2. Improving access to health treatment for all ages and for all older persons**

Age criteria are increasingly being applied in the rationing of access to health care. Yet chronological age, as such, given the increasing possibility for long and healthy life expectancy, may be a less relevant criterion than before. We need to refine and, if necessary, adjust our approach to the rationing of healthcare. It is vital that older people should not be denied access to the newest and best treatments, simply because they have reached a certain age.

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<sup>12</sup> Particularly in combination with other factors such as technological developments, new therapies and public expectations.

<sup>13</sup> OECD(1998): *Maintaining Prosperity in an Ageing Society*, pp. 90. At the same time longer life expectancy leads to a rise in age-related diseases such as Alzheimer's.

#### **4.3. Providing an adequate supply of quality care for the very old/frail**

The organisation of care differs greatly among Member States, but everywhere the majority of persons needing permanent assistance and care are attended to in their own home by spouses or other relatives. This is an area where equality between women and men in their share of responsibility is far from being reached: women aged 45-65 provide the bulk of all elder care as unpaid work at home. Yet it is unrealistic to expect women to be able to take on this burden in the context of demographic ageing. It is likely that women's increasing workforce participation will reduce their traditional availability to care for older relations at home just as that need increases. We need to achieve a better sharing of informal caring duties between the genders and a great expansion of the capacity of formal care systems.

Thus, while informal care will continue to have a role, perhaps still a dominant role, the role of formal care will increase greatly. Rehabilitation services, home help, home nursing, specially adapted housing and long-term care institutions are among the provisions which will need to be substantially expanded. A greater use of assistive technologies may significantly improve the capacity for self-reliance and the quality of life of older people, even for the severely disabled. Meeting their needs and preferences in an adequate and cost-efficient way will require changes. Better co-ordination of health and social services to provide for "continuity in care" will be important, including possible moves towards a combination of public, voluntary and private for-profit providers in the supply of care, coupled with better support for family carers.

The forms of long term care or dependency insurance which some Member States have recently introduced have highlighted the potential benefits from such an approach. The issues raised go beyond questions of how to shoulder the burden. The quality of life of older people and the possibility of retaining some independence and self-determination even when frail is also very important. Giving people in need of long-term care the necessary purchasing power and the right to choose between different service providers is very important in this respect.

#### **4.4. Promoting the role and potential of rehabilitation**

A simple fall may quickly turn a self-reliant, active older person into a heavily dependent individual with rapidly declining health. Access to good rehabilitation services can help prevent this. The potential to contain costs and enhance life-quality of widely available, rehabilitation services cannot be overestimated. It is an important element of an active ageing approach.

- The Commission will give special attention to medical and social research of relevance to ageing in the 5<sup>th</sup> framework programme for Community research. A "key action" of this programme, with a budget of EURO 190 million, is specifically dedicated to "The Ageing population and disabilities". It will support multidisciplinary Research, Technological Development and Demonstration relating to: processes leading to healthy ageing, including biological, psychological, demographic, social and economic aspects; interventions leading to the postponement and improved management of disability; effective and efficient delivery of health and care services to older peoples, including comparative research on the financing of care and pensions; and prevention and treatment of age-related illnesses and disabilities. This key action is managed in close co-operation with other relevant activities of the research framework programme, such as health telematics, development of new products, services or assistive devices, nutrition and health, infectious diseases and socio-economic research. Synergy will be sought with other relevant Community instruments.
- The Commission supports studies and conferences on the differences in the organisation of formal and informal care between Member States and on the advantages and disadvantages of the various approaches used.
- As outlined in the Communication on the development of public health policy (Com (98) 230 final ), the Commission would give particular attention to health issues related to the ageing of populations in its preparation of public health policy measures at Community level.

## 5. CONCLUSION : ADDING LIFE TO YEARS

Increases in longevity raise the issue of "adding life" to these extra years. This issue will become more important as the number of ageing people is rapidly growing, with the large cohorts of baby boomers approaching retirement age and with the explosion in the number of those who live well into their 80s and 90s.

The very magnitude of the demographic changes at the turn of the 21<sup>st</sup> century provides the European Union with *an opportunity and a need to* change outmoded practices in relation to older persons. Both within labour markets and after retirement, there is the potential to facilitate the making of greater contributions from people in the second half of their lives. The capacities of older people represent a great reservoir of resources, which so far has been insufficiently recognised and mobilised. Appropriate health and care policies and services can prevent, postpone and minimise dependency in old age. Furthermore, the demand for these services will open up new job opportunities.

Attitudes and practices which discriminate against the elderly are not only unfair, they also lead to a waste of resources. The right policies and attitudes will allow society to tap into the potential of older people to a much larger extent than today.

Working longer is one important way of adding life to longer years. Being actively involved in the local community and society at large and continuing to contribute after retirement is another.

Older people are already very active in non-governmental organisations. Involving a much larger share of able older people in voluntary work could be a major tool in active ageing strategies. There is a triple benefit from engaging older persons in voluntary activities in their communities. Recipients of the services produced will be better off. Older volunteers acquire meaningful social roles, physical and mental stimulation from new contacts and a sense of personal satisfaction and fulfilment. Local services can be provided in a very cost-efficient way.

Getting extra life from extra years will require that the idea of life-long learning applies also to the time after retirement<sup>14</sup>. Older persons have a capacity and an appetite for learning which tends to be insufficiently recognised. Engaging in mentally stimulating activities is important for the development and preservation of capacities late in life. Such possibilities need to be greatly expanded and also to address practical issues, such as the handling of the new information technologies.

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<sup>14</sup> Such an approach is already used in Community education programmes. The adult education element in the new Socrates programme, for example, aims at promoting the development and diffusion of good practices in this area through transnational cooperation. Older people constitute a target group and projects aim to strengthen their active participation as full citizens in social life.

Preparing for longer, more active and better lives, working longer, retiring more gradually and seizing opportunities for active contributions after retirement are the best ways to secure the maximum degree of self-reliance and self-determination throughout old age. This is true even in the face of fading faculties and growing dependency.

All generations stand to gain something important from policy changes which enable and motivate older persons to become and remain more active. An enabling framework of incentives can motivate greater numbers of older persons to opt for active ageing opportunities and thus to lessen their dependency and disability. This would help reconcile the clear aspiration of older individuals for long, good-quality lives and the legitimate concerns of society about minimising the costs of demographic ageing.

Developing good practices for active ageing in the different phases of life will require contributions from all quarters. The Commission invites NGOs, the social partners, public authorities and individual citizens to join the efforts to create a solid foundation for allowing Europeans to age well in the next century.

- The Commission is committed to facilitate the cooperation between and with Member States on adequate policy responses to the challenge of demographic ageing.
- The Commission is supporting studies on the various stages and elements of an active ageing strategy. Some of these may be turned into practical manuals in order to help Member States in their search for strategies for adequate adjustment to ageing.
- The Commission is committed to explore the possibilities for new, horizontal Community action programmes based on §13, §129 and §137 in the EC Treaty as modified by the Amsterdam Treaty under which older people could be covered when affected by discrimination, unemployment or social exclusion.

**Special EU Actions for the 1999 International Year of Older People**  
As part of its preparatory measures in respect of articles 13 and 137 the Commission is supporting the following types of action in favour of older people during 1999:

- measures to be implemented in the framework of the UN International Year for Older Persons on the themes of the situation of older people on the labour market; their role in society; promoting inter-generational solidarity
- measures to support and promote the role of NGOs, associations and networks working for older people and participating in the implementation of these objectives;
- measures to promote full citizenship, participation and equal opportunities for older people;
- the Commission intends to publish a call for proposals and accompanying guidelines for potential applicants in the spring of 1999.

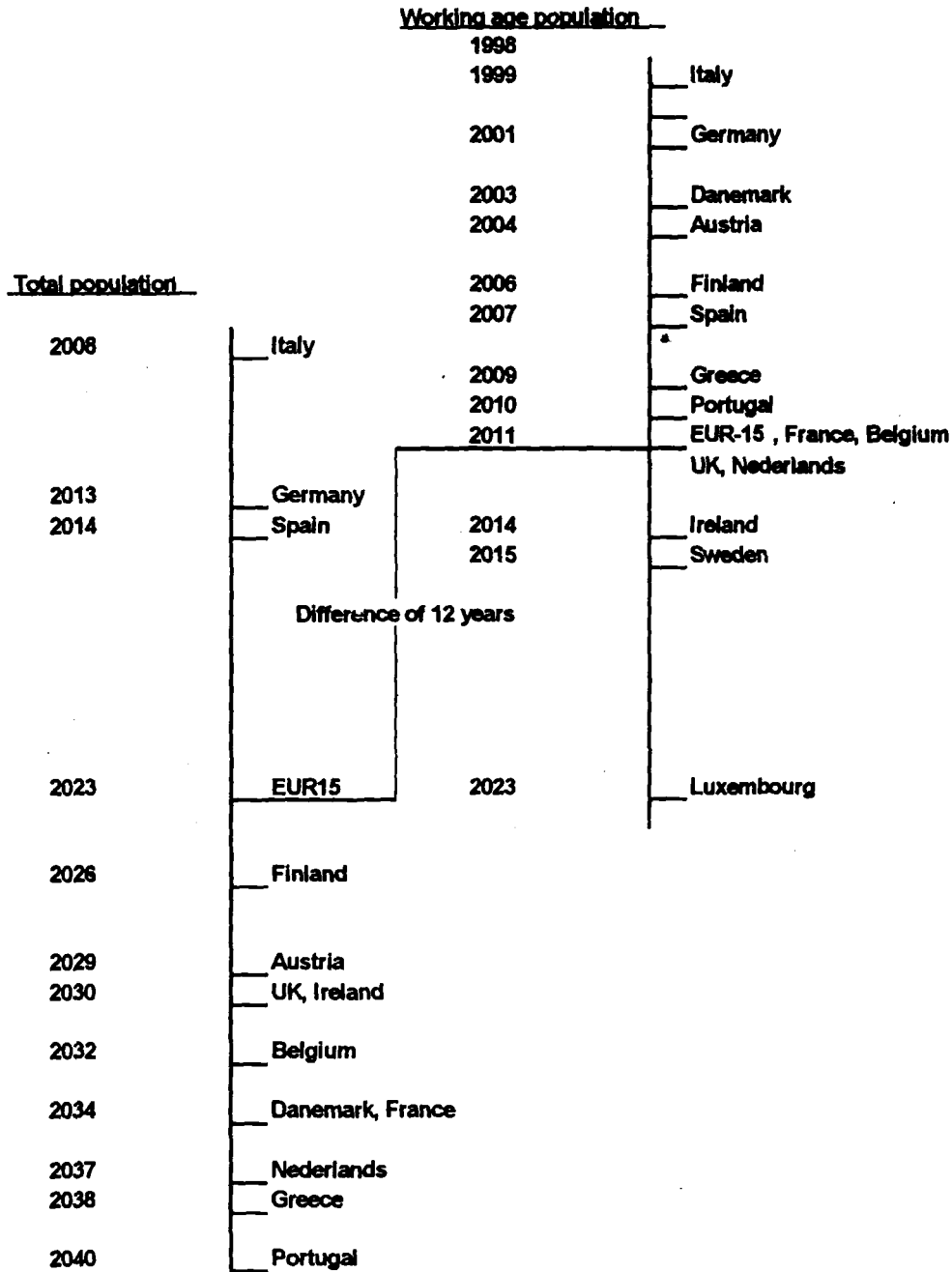
More specific examples of the kinds of activities the Commission envisages supporting in 1999 include:

- ✓ *The creation of a European Older Persons Forum.* The aim is to facilitate and promote cooperation and co-ordination between Pan-European Older Persons NGO's and improve collection and dissemination of information on ageing and older people's issues
- ✓ *A small Exchange Programme for Older Volunteers* to come to Brussels and work in the European Older Persons Forum for a 3-6 months period.
- ✓ *Convening a major conference* in the autumn of 1999 on policies for older persons to round off the International Year of Older Persons and take the momentum into the new Millennium.
- ✓ *Conducting a Euro-barometer* opinion survey on Ageing and Older Persons.

6. APPENDIX: TABLES AND GRAPHS

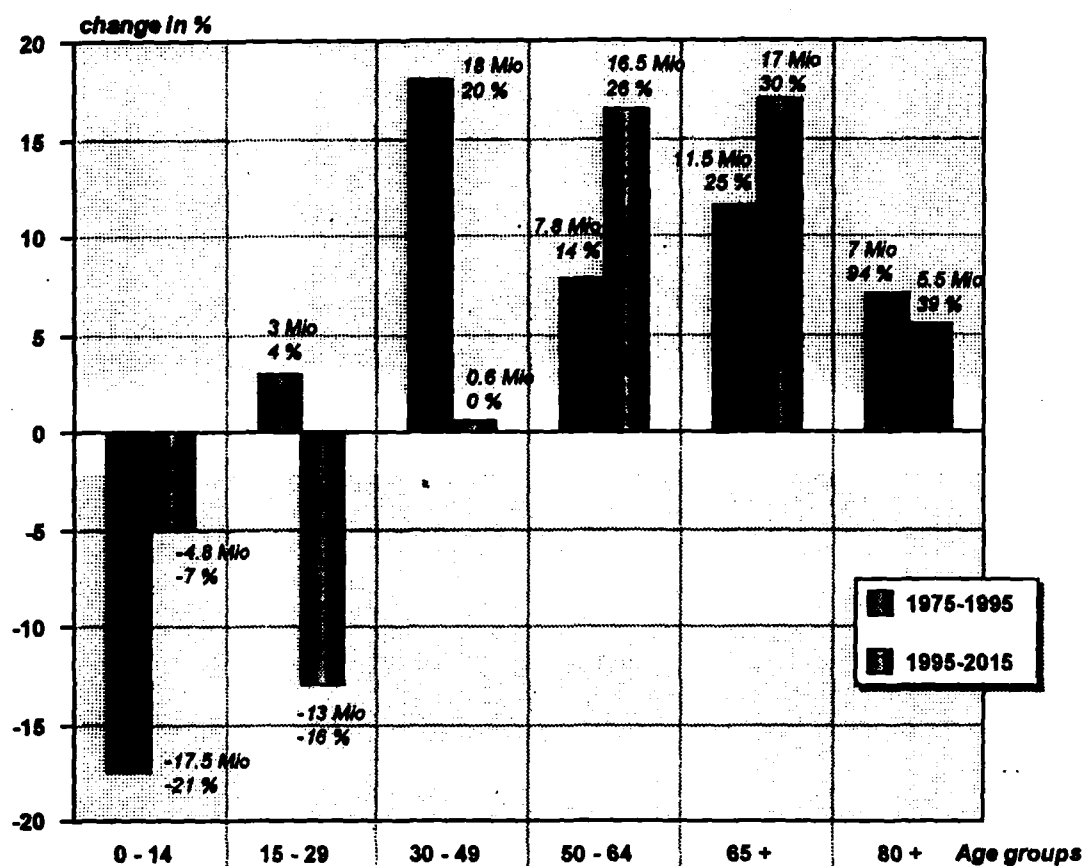
Graph 1:

First calendar year of total population and working age population decline in the EU and the Member-States (Eurostat baseline demographic scenario)





**Graph 2 : Demographic change in the main age groups.**  
A comparison between 1975-95 and 1995-2015



Source: Observations until 1995, Eurostat baseline scenario for the period 1996-2015

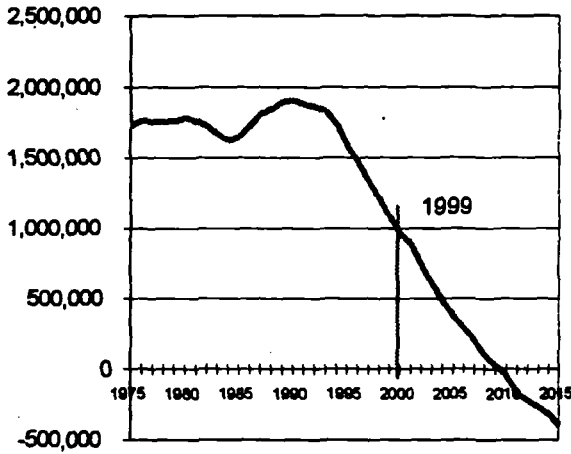
**Table 1: Employment rates of the 55-59 and 60-64 age cohorts – 1997**

Source : Labour force survey, EUROSTAT

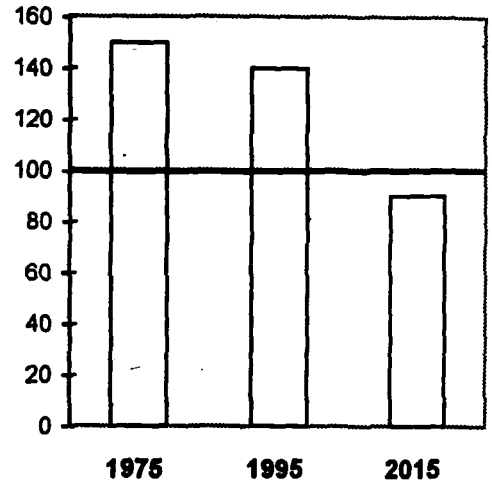
Total	AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EUR15
55-59	41.3	33.5	53.2	67.8	42.9	50.1	47.9	50.1	46.8	35.9	35.5	46.9	54.0	74.4	59.4	49.3
60-64	10.6	10.8	18.6	32.9	25.7	18.5	10.7	32.2	33.1	18.1	10.8	13.7	39.5	46.5	36.7	22.2
55-64	28.5	22.0	38.2	51.4	33.5	35.7	28.9	40.7	40.3	27.3	23.7	31.4	46.8	61.6	48.5	36.3
Men	AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EUR15
55-59	59.4	46.8	62.9	77.5	64.9	51.7	55.4	72.3	66.7	52.0	54.2	62.0	65.7	76.5	68.6	61.5
60-64	13.1	17.6	26.8	41.5	38.3	20.9	11.0	46.4	49.4	29.6	14.6	20.8	50.3	48.8	47.6	30.7
55-64	40.5	32.2	47.6	61.0	50.6	37.9	33.0	59.0	58.6	41.5	35.5	43.0	58.2	64.0	58.6	47.0
Women	AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EUR15
55-59	23.8	20.7	43.2	57.0	22.3	48.5	40.7	29.5	26.2	20.6	17.3	31.6	43.7	72.2	50.4	37.2
60-64	8.3	4.5	10.8	24.1	14.5	16.3	10.5	19.9	16.8	8.1	7.2	6.9	30.3	44.3	26.3	14.4
55-64	17.3	12.4	28.9	41.2	18.0	33.6	25.1	24.4	21.7	14.4	12.5	19.8	37.0	59.3	38.7	26.1

**Graph 3: Balance between incoming and outgoing flows for the working age population**

**Balance between 20-29 and 50-64 age cohorts**

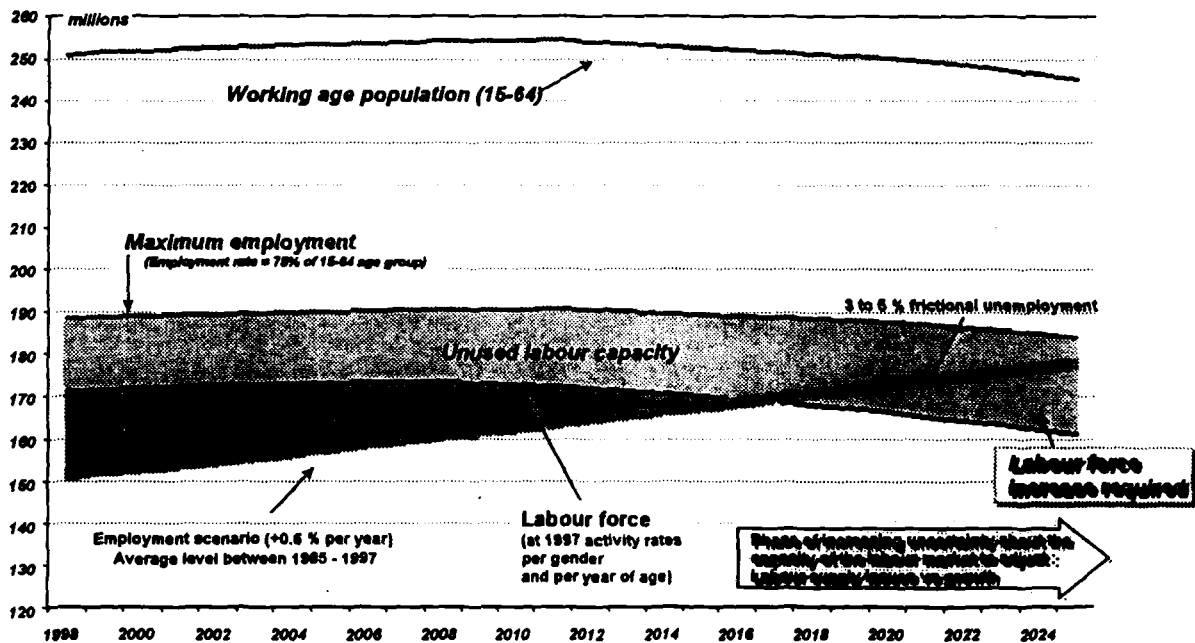


**Number of incomers for every 100 departures**



Source: Eurostat: Observations until 1995, baseline demographic scenario for period 1996-2015

**Graph 4: Interaction between demographic trends, employment and growth EUR15 period 1998-2025**



Source: Eurostat base line demographic scenario and Labour Force Survey.

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