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Working Documents

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DOCUMENT 1-212/82

REPORT

drawn up on behalf of the Committee on
Social Affairs and Employment

on the proposal from the Commission of the
European Communities to the Council
(Doc. 1-949/81 - COM(81) 779 final) for a
draft Council recommendation on the principles
for a Community policy with regard to retirement
age

Rapporteur: Miss S. DE VALERA

By letter of 18 January 1982 the President of the Council of the European Communities requested the European Parliament, pursuant to the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a recommendation on the principles for a Community policy with regard to retirement age.

On 21 January 1982 the President of the European Parliament referred this proposal to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Economic and Monetary Affairs for an opinion.

On 28 January 1982 the Committee on Social Affairs and Employment appointed Miss Sile de Valera rapporteur.

The committee considered the Commission proposal and the draft report at its meetings of 26 February 1982, 17 March 1982, 31 March 1982 and 28 April 1982.

At its meeting of 28 April 1982 the committee decided by 16 votes to 1 with 5 abstentions to recommend that Parliament approve the Commission proposal subject to the amendments set out below.

The committee then adopted the motion for a resolution as a whole by 16 votes to 3 with 3 abstentions.

The following took part in the vote: Mr Papaefstratiou, chairman; Mr Peters, Mr Horgan, Mr Fischmann, vice-chairmen; Miss De Valera, rapporteur; Mr Boyes, Mr Brok, Mr Calvez, Mrs Cassanmagnago Cerretti, Ms Clwyd, Mr Damette, Mr Duport, Mr Eisma, Mr Ghergo, Mr Lezzi (deputizing for Mr Dido') Mr McCartin, Mrs Maij-Weggen, Mr van Minnen, Mrs Nielsen, Mr Patterson, Mrs Salisch and Mrs Squarcialupi (deputizing for Mr Ceravolo).

The opinion of the Committee on Economic and Monetary Affairs is attached.

The rapporteur will present the explanatory statement orally to the House.

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The Committee on Social Affairs and Employment hereby submits to the European Parliament the following amendments and motion for a resolution:

Amendments proposed by the Committee on Social Affairs and Employment

Text proposed by the Commission

Draft Council recommendation on the principles of a Community policy with regard to retirement age (Doc. 1-949/81)

RECOMMENDS THE MEMBER STATES

A. To adopt to this end the necessary measures to introduce flexible retirement gradually into the framework of statutory or occupational insurance schemes in accordance with the following principles:

1. To ensure that retirement is voluntary, the rules governing the age from which an old age pension may be drawn should be made more flexible. To this end:

- After a given age - identical for men and women - workers should be free to choose the time of their retirement.

No. 2

- Failing that, and as long as the system stipulates a fixed age for entitlement to a pension, workers should be offered the option, during a specified period, of applying for a pension in advance of the statutory age. (Rest deleted)

- Increased flexibility as regards the age of entitlement to an old age pension would also be achieved by a system under which entitlement to a pension arose after a given number of years of employment or membership of an insurance scheme.

- Failing that, and as long as the system stipulates a fixed age for entitlement to a pension, workers should be offered the option, during a specified period, of applying for a pension in advance of the statutory age or requesting its deferment beyond that age. Reductions made to the amount of pensions taken early should not be such as to render pointless the exercise of the option.

- Increased flexibility as regards the age of entitlement to an old age pension would also be achieved by a system under which entitlement to a pension arose after a given number of years of employment or membership of an insurance scheme.

No. 3

2. During a given period prior to retirement, elderly workers whose working time is gradually being reduced should receive a special allowance, agreed by collective bargaining, compensating partly or in full for the reduction in their earnings, and their pension rights should not be impaired.

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No. 4

(deleted)

No. 5

4. Workers receiving an old age pension cannot be excluded from all forms of paid employment. The combination of a pension with income from paid employment shall be permitted only up to an earnings ceiling to be fixed by the Member States.

3. Financial incentives to promote the early departure of elderly workers should only be applied for a limited period in the event of exceptional economic circumstances and should not be regarded as an integral part of a flexible retirement system.

4. Workers receiving an old age pension cannot be excluded from all forms of paid employment.

5. Workers who are within two years of the minimum retirement age should have access to appropriate counselling services and retirement preparation

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a draft recommendation on the principles for a Community policy with regard to retirement age

The European Parliament,

- A. having regard to the proposal from the Commission to the Council (COM(81) 779 final)¹,
- B. having been consulted by the Council (Doc. 1-949/81),
- C. having regard to its resolution on employment and the adaptation of working time²,
- D. having regard to the report by Mrs Squarcialupi on the situation and problems of the aged in the European Community³,
- E. having regard to the report by the Committee on Social Affairs and Employment and the opinion of the Committee on Economic and Monetary Affairs (Doc. 1-212/82),
- F. having regard to the result of the votes on the proposal from the Commission,
 1. Welcomes in principle the submission of a recommendation on the principles for a Community policy to harmonize the widely varying provisions for retirement currently obtaining in the Member States, a step which has repeatedly been urged by the European Parliament and its appropriate committee in connection with the need to adapt working time; hopes that this recommendation will be the first step towards a directive on the harmonization of national laws;
 2. Issues a warning, however, against over-optimistic expectations as to the number of jobs likely to be safeguarded as a consequence of earlier retirement in view of the fact that, owing to rationalization and the development of new technologies, only some of the vacancies thus created would be filled; suggests, however, that employers should be encouraged, by appropriate measures, to reserve as many as possible of the vacancies created in this way for young workers;

¹ OJ No C 16, 21.1.1982, p. 12

² OJ No C 260, 12.10.1981, p. 54

³ OJ No C 66, 15.3.1982

3. Draws attention, moreover, to the inevitable costs and additional financial burden such measures will entail for state and private pension schemes whose resources are already stretched to the limit; points out at the same time that the financial burden imposed by such measures will be offset from the financial and social points of view by the simultaneous reduction in unemployment payments and related social costs;
4. Considers that, if phase B of the recommendation is implemented, the question of the future financing of pensions should also be considered in detail as a matter of urgency, as the present employment situation could have an adverse effect on social security schemes which are financed from employees' contributions;
5. Considers that particular attention should be paid to the introduction of retirement programmes which prepare older workers to cope with the conditions they will probably face when they cease work;
6. Stresses in its report on the aged¹ the need to protect the dignity of these citizens by maintaining their freedom to choose between retirement and the possibility of gradually reducing working hours before retirement;
7. Is aware that unless employment policy follows a new course - involving either investment or the reorganization of working time - there will be continued conflict between the desire of many elderly people to continue to work and the difficulty experienced by a very large number of young people in finding jobs;
8. Is also aware that early retirement, which is used as a means of helping to solve the problems of sectors in crisis but can also affect people who are still perfectly capable of working, cannot in itself solve the employment problem;
9. Notes that a similar conflict arises as a result of the demand that the labour market should be accessible to those retiring early but still wishing to undertake some form of paid activity;
10. Considers, however, that the combination of a pension with an income from paid employment should be permitted only up to an earnings ceiling to be fixed by the Member States;

¹ Doc. 1-848/81

11. Considers that reports drawn up by the Member States based on the principles of the International Labour Organization and on their experience of the application of these recommendations will assist in the preparation of further measures to facilitate flexible arrangements in respect of the retirement age and the accompanying restructuring of pension insurance schemes;
12. Calls on the Member States' governments to present the reports of the studies made of the customary procedures in their countries as quickly as possible, as rapid action will help to reassure the Community's elderly citizens;
13. Instructs its President to forward to the Commission and the Council the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman: Mr Otmar FRANZ

for the Committee on Social Affairs and Employment on the Draft Council Recommendation on the principles of a Community policy with regard to retirement age (Doc. 1-949/81)

At its meeting of 24 February 1982, the Committee on Economic and Monetary Affairs appointed Mr Franz draftsman of the opinion for the Committee on Social Affairs and Employment.

The committee considered the draft opinion at its meeting of 18/19 March and adopted it unanimously.

Present: Mr J. Moreau, chairman; Mr Ferranti, vice-chairman; Mr Deleau, vice-chairman; Mr Franz, draftsman; Mr Albers (deputizing for Mr Wagner), Mr Beumer, Mr von bismark, Mr Bonaccini, Mr Caborn, Mr Carossino (deputizing for Mr Fernandez), Mrs Desouches, Miss Forster, Mr I. Friedrich, Mr de Goede, Mr de Gucht, Mr Herman, Mr Hopper, Mr Leonardi, Mr Mihr, Mr Orlandi (deputizing for Mr Ruffolo), Mr Papantoniou, Mr Purvis, Sir Brandon Rhys Williams, Mr Rogalla (deputizing for Mr Schinzel), Mr Seal (deputizing for Mr Rogers), Mr van Rompuy and Mr von Wogau.

In its Resolution of 18 December on the adaptation of working time, the Council requested the Commission to produce a Communication on the specific subject of retirement age. This Communication (COM(80)393 final) was presented in July 1980 and discussed by the Standing Committee on Employment, after which the Commission was asked to draft specific proposals. These proposals have now been presented, and take the form of a draft Council recommendation on the principles of a Community policy with regard to retirement age (Doc. 1-949/81).

The Committee on Economic and Monetary Affairs

1. Expresses its full support for the Commission's proposal for a recommendation;
2. Is convinced that a flexible retirement age system is preferable to fixed age limits in the individual interest of many workers, and is also more in keeping with a socially responsible market economy;
3. Assumes that flexible retirement age limits can mean either lengthening or shortening individuals' working lives;
4. Agrees with the Council that flexible retirement, which should be voluntary, should be accompanied by measures to facilitate the gradual reduction of working hours at the end of a worker's career, such as part-time work and longer holidays for older workers;
5. Agrees that a flexible retirement system could solve the problem of equal treatment for men and women with regard to pensionable age;
6. Emphasizes that, given the great variety of insurance schemes and legislation on retirement age and old age pensions in the EC, and the diversity of Member States' experience in this field, comparative studies and analyses need to be made in preparation for a harmonization of Community policy;
7. Draws particular attention to the following problems and prerequisites for the gradual introduction of a harmonized flexible retirement system:

- taking advantage of early retirement provisions should entail a reduction in an individual's pension. Similarly, deferring retirement should entitle an individual to a higher pension;
 - the introduction of the right to choose when to retire will have to be gradual;
 - the offer of financial incentives for early retirement may be appropriate in some cases, but should not be regarded as an integral part of a flexible retirement system; the offer of financial incentives for early retirement or reducing the number of hours worked per week during a specified period prior to retirement;
 - where flexible retirement is concerned, every effort must be made for the date of ceasing work to be determined by agreement between employees and employer in accordance with the provisions laid down by law and collective agreement;
8. The introduction of flexible retirement cannot be regarded as an isolated experiment in the short-term employment policy. Only careful study can show whether and in what conditions flexible retirement will have substantial or only slight effects on the labour market;
9. Welcomes, however, the Commission's Recommendation to the Council proposing, as a first stage, an analysis of Member States' pension provisions, followed by their gradual harmonization.