

ETUC resolution on Implementing the EPSR: Ageing with Dignity

Adopted at the virtual Executive Committee Meeting of 5-6 October 2021

FOREWORD

The present document represents the culmination of the work of over two years within the framework of the EU funded project “[ETUC SociAll: Social Protection for All](#)¹”. The impact of the pandemic has magnified the many issues affecting access to effective and adequate social protection for all EU citizens and residents.

The aftermath of the pandemic must encompass a socially sustainable recovery and renewed impetus for social protection policy, which is able of offsetting the negative impact of the pandemic and anticipating the effects of the demographic trends of ageing.

The [Action Plan for the Implementation of the European Pillar of Social Rights](#)² (EPSR) must lead the recovery phase. The integrated policies it promotes are functional to address the main challenges of coverage, effectiveness and adequacy of social protection for all, especially for elderly people after retirement.

The ETUC has adopted an integrated approach to the implementation of the EPSR, and strongly advocates for it to be made increasingly effective, in order to develop a concrete life-cycle approach to “Ageing with Dignity”, as stated in the [reply to the Green Paper on Ageing](#)³. The population ageing trends must become a positive achievement of increasing well-being for all EU citizens and residents throughout their lives.

The ETUC priorities for social protection

The ETUC has defined a series of composite priorities for post-Covid-19 and for the social progress by 2030. These are based on its assessment of the challenges to universal and adequate social protection for all and the strategies to meet them (as set out in the EPSR); the Action Plan for its Implementation; and, the Porto Social Commitments.

“Ageing with Dignity” is a developing key concept to drive the EU and national policies based on the rights- and needs-based approach promoted by the EPSR and its Action Plan. In times of demographic change, and given the digital, environmental and humanitarian transitions that add to the Covid pressures, such an approach aims at rebalancing the importance of fiscal sustainability of social protection with the needs and the demands of an ageing population. The “Ageing with Dignity” approach counterbalances the importance given, so far, to the notorious “cost of ageing” in the framework of the EU fiscal control mechanisms. It aims at reversing the priorities between the economic burden and the real necessities of people. Such an approach encompasses a series of dimensions, beyond the debate strictly concerning pensions, health and long-term care, developing across and within generations. It embeds a life-cycle approach and prioritises the human and social dimension across all stages of life. If ageing starts with birth, dignity in old age must be built across all the life stages and in all possible circumstances. These would include, just to mention a few, inclusive education, no discrimination based on age or gender, decent jobs, fair working and

¹ New link: <https://spa1.etuc.org/> available soon

² Adopted at the virtual Executive Committee Meeting of 22-23 March 2021

³ Adopted at the virtual Executive Committee Meeting of 22-23 March 2021

remuneration conditions, guaranteed access to long-term and health care whenever needed, also before old age. In this respect, “Ageing with Dignity” is a concept that adopts, and makes concrete, the integrated and interrelated principles of the whole EPSR. It calls for the EU to adopt policies that consistently put “people first”.

Affirming a rights-based approach to social protection, providing concrete improvement to people’s lives and the reduction of the number of people living in poverty or social exclusion. This implies to:

- a. **Ensure universal social protection and effectively address the coverage gaps of social protection for all and across all ages.** Specific attention must be paid to ethnic minorities, migrants, workers in non-standard forms of work, informal workers.
- b. **Granting effective gender equality in social protection systems** – whose effectiveness is gender-sensitive – to fill the gaps created by the different treatment between women and men in labour market, employment and society.
- c. **Ambitiously implement the Recommendation on access to social protection for all workers and the self-employed**, aiming at much more than poverty prevention. The focus must be on enabling all working people, irrespective of their status or contract, the effective accrual of social protection entitlements, allowing adequate protection benefits when necessary; periods of employment exempt from social security contributions must be abolished;
- d. Securing income level through adequate social benefits;
- e. **Embedding minimum standards and safety-nets that ensure adequate non-contributory entitlements** for people of all ages in need of income support and assistance, to live a life with dignity in rights-based social protection systems, and prevent poverty;
- f. **Set a binding commitment for all member states** to provide such safety-nets;
- g. **Make social protection and social security rights effectively accessible across all the EU**, thus increase the portability of entitlements and the coordination of rights and administrations.

Establishing the fiscal *viability (sustainability) of adequate universal social protection on new paradigms*, based on solidarity principles and public-driven collective redistribution of resources:

- h. The sustainability of adequate social security for all must first rely on better designed and fully inclusive as well as fairer social security systems. It must ensure equal rights as well as adequate, formal and substantial coverage via compulsory and fair contributory levels for both workers and self-employed.⁴
- i. **Social security contributions** are effective if grounded in **more and better jobs** for all and **across all ages**, and if **adequate, proportionate and fairly distributed between employers and workers**;
- j. **Social contributions** must feed, and **be complemented by, solidarity-based systems**, in order to **guarantee minimum adequate standards of protection to all workers** across generations, irrespective of the type of employment and contractual arrangement, in spite of unequal life expectancy, no matter the duration of the qualifying careers and the (uneven) socio-economic status or working conditions. Measures in social protection systems for a better recognition of care responsibilities should be provided in order to ensure that women have adequate

⁴ <https://www.etuc.org/en/document/etuc-position-proposal-council-recommendation-access-social-protection-workers-and-self>

social protection rights. In order to achieve adequate levels of social protection for women, both non-contributory and contributory mechanisms need to be strengthened in a gender-conscious manner;

- k. **An increased public budget ensuring the sustainability of adequate non-contributory arrangements is necessary; and**
- l. **A systematic protection of pension's purchasing power.**

Fighting privatisation and the shift of responsibility of ensuring social security rights onto individuals: both experience and research prove how these “de-solidarized” approaches represent neither a sustainable nor an equitable solution to meet the ambitious social goals of the EPSR.

- m. The shift from a pay-as-you-go system to a fully funded one is detrimental both from the point of view of sustainability and of adequacy
- n. The reforms determining the shift from the defined benefit to the defined contribution schemes are failing with respect to the goals of poverty prevention, of guarantee of adequate and dignifying protection, and of preservation of standard of living after retirement.

A call for more public funding for the sustainability of adequate social protection:

- o. **Fairer and progressive taxation, shared productivity revenues, and formalisation of the informal economy,** are necessary (amongst other measures) for the inclusion and protection of all workers into a strongly upgraded labour market, especially the most vulnerable workers, such as those coming from a migrant background;
- p. An **upgrade of public resources for social protection against all austerity principles,** is necessary in order to accompany the increasing ageing population, and respond to the needs of the elderly people without hampering the protection of younger and future generations;
- q. **A revision of the European Economic Governance rules⁵,** coherent with the right- and need-based approach of an ageing population, is all the more desirable in the post-Covid period. The latter has provided an opportunity to relaunch sustainable growth and to have a combined social and economic view to governance.

The EU should be vocal at a global level so as to prevent that the global economic governance crushes social protection systems through macroeconomic conditionalities undermining their sustainability and their adequacy. The concept of “Ageing with Dignity” should therefore be encompassed in the multilateral action for the implementation of the UN Agenda 2030 and its SDGs.

The concept of “Ageing with Dignity” should also lead the external action of the European Union in the framework of its neighbourhood, development and international cooperation policies, including through the Global Europe-NDICI financial instrument. It should also be a guiding principle of the EU enlargement process, to strengthen the perspective of upward convergence of living conditions and social progress of EU candidate countries and EU member states.

The ETUC policy action for social protection and Ageing with Dignity

The [ETUC SociAll project](#) made it possible for the members of the permanent ETUC social protection committee to identify clear lines for policy action, that are knowledge-

⁵ in coherence with the ETUC resolution on public debt and EU fiscal rules <https://www.etuc.org/fr/node/20811>

and experience-based. The work-strands outlined below are the result of the work of the trade union political actors both at national and at European level, supported by high-level research. This combination of policy exchange and high-level expertise will provide both European and national institutions evidence of the viability and effectiveness of the ETUC proposals⁶.

The focus of the action is primarily a comprehensive and integrated approach to **pension policy**. The results show viable options for an aging population, other than the usual ones that would either suggest reducing benefits or raising retirement age/accessibility conditions. It deals with: effectiveness of pensions **across all ages**, both for the present and the future retirees; **sustainability of pensions** on the basis of more and better jobs for the working age population⁷; adequacy of pension income in connection with the elderly needs of integrated **health and long-term care** and a more inclusive “**right to care**”; the role of minimum guaranteed income to prevent **poverty** in old age and promote a life within dignity; fairness and sustainability in defining **statutory retirement age and fair rules for accessing early retirement**; effectiveness and equality in the design of **fully-funded and financed systems**; the **coherence between needs and the fiscal governance** to meet them.

The ETUC will pursue⁸:

I. A rights-based approach to social protection - [EPSR AND EU SOCIAL PROTECTION POLICY](#)

The European Union must maximise the added value of its joint political intervention in the social and economic governance of the Covid crisis, encompass the EPSR in all its acts and develop a renewed, more coherent approach to rights- and needs-based fiscal rules in pension and social protection policy. **The ETUC:**

- ➔ **calls for an ambitious pursuit of the employment and training targets set out by the EPSR action Plan for 2030, to face digital, environmental and demographic transitions;**
- ➔ **calls on EU MS to respond proactively and to set ambitious national targets with the involvement of national social partners.**

II. Adequate social protection for all through more and better jobs in the ageing context - [LABOUR MARKET AND OLD AGE RIGHTS](#)

The outcomes of SociAll provide the evidence that a strategy of ‘upwards convergence’, focusing on inclusive labour markets, and achieving a level of employment integration that already exists in the best performing EU Member States in the EU 27, would reduce the expected future increase of the economic dependency ratio over the period 2019 to 2070 by less than one third.

Focusing on an old age dependency ratio only, will not help to address the sustainability issues of an ageing population. Adequate social protection and its sustainability, via a more inclusive labour market, calls for extending the ageing workforce by a coherent and dignifying common asylum and migration policy.

Instead of cost-cutting pension reforms, such as indiscriminate increases in retirement age (which have neither relieved public budgets nor improved pension adequacy for retirees), the ETUC reiterates that the best way of securing adequate and sustainable pensions across generations is to improve the economic dependency ratio, labour market integration of people of working age, and the quality of jobs. Improving social sectors’ development and responding to people’s needs should be considered as an

⁶ The hyperlinks in the text lead to the ETUC SociAll webpage where project outcomes, expert studies and policy documents are available in different languages.

⁷⁷ <https://www.etuc.org/en/document/etuc-resolution-defining-quality-work-etuc-action-plan-more-and-better-jobs>

⁸ More reference documents are available in the hyperlinks

investment conducive to ensure job creation of high quality. It is necessary to address the increasing labour shortages in social care, thus ensuring access to affordable and high-quality health and long-term care.

Inequalities in the labour market must be addressed promptly as they are largely responsible for the inadequacy of pensions. The gender pension gap must be tackled throughout the entire life cycle, ensuring investments in an accessible, affordable and quality public care infrastructure. This should include young children, the sick and elderly and allow for women accrual of entitlements. This is especially important with substantial equality policies and a legislative intervention that marks the end of the gender pay gap as well as gender segregation into the lowest wage sectors of the economy. A strong directive to guarantee gender pay transparency and an ambitious implementation of the Work-life Balance directive are crucial in this sense.

Age discrimination and unfair dismissal, or exclusion from the labour market, of 50+ workers some years only before the retirement age – thus diminishing the adequacy of their pensions' benefits – must be eradicated and prevented as prescribed by the European Social Partners' Agreement on Active Ageing and Intergenerational Approach⁹. In a life-cycle perspective of "Ageing with Dignity", intergenerational solidarity must be fostered by actual job opportunities for young people while reinforcing the retention of senior workers in companies, in order to guarantee better social protection for both age groups.

Pension systems must be re-designed in a solidarity-based logic. Until now they had been progressively reformed under the assumption that redistributive systems are considered not sustainable any longer, because of the ageing population. The trend of increasing the burden put on individual workers so far to accrue decent contributions must be reversed, as it shifts future risks of poor pension income upon individual workers. The "defined contributions" systems, which do not offer any guarantee of future benefits, and consequently increases the precarisation of future protection, must be revised.

Unequal allocation, between employees and employers, of the obligation to pay pension and social protection contributions hampers the effectiveness and adequacy of future benefits. The sharing of contribution burdens between employers and employees should focus on protecting workers' pay and pensions, and not jeopardise the adequacy of future benefits.

The ETUC demands:

- ➔ **that the design of pension systems must be assessed against their capacity to ensure the accrual of both effective and adequate benefits, while contributing to their fiscal sustainability;**
- ➔ **that unfairness and/or inefficient design of social protection and pension systems are addressed;**
- ➔ **that adequate pensions are guaranteed to all workers, and that entitlements accrued in their working life contribute to adequate pensions;**
- ➔ **that public, redistributive, tax- and solidarity-based systems are restored and enhanced, while the fully funded logic is failing to meet the challenges of demography in the changing world of work.**

III. Poverty prevention and safety-nets for a life in dignity across all ages - GUARANTEED ADEQUATE MINIMUM STANDARDS FOR ALL

⁹ <https://www.etuc.org/sites/default/files/circular/file/2019-07/European%20Social%20Partners%E2%80%99%20Autonomous%20Framework%20Agreement%20on%20Active%20Ageing.pdf>

So far, the austerity-driven economic policies have reduced the national expenditure for social protection of the most vulnerable, and increased the poverty rates. The EPSR Action Plan calls for addressing the lack of minimum standards and safety-nets.

The ETUC calls for:

- ➔ the adoption of a structured anti-poverty strategy¹⁰
- ➔ the ambitious pursuit of the poverty and social exclusion targets set by the EPSR action Plan for 2030
- ➔ the adoption of adequate minimum income schemes allowing everyone to lead a life with dignity, and take up opportunities to be fully integrated into society¹¹
- ➔ the adoption of adequate minimum pensions to be guaranteed to all elderly people, to ensure they have a decent standard of living.

IV. Social and economic indicators towards upward convergence in coverage and adequacy of social protection - [NEEDS- AND RIGHTS-BASED MONITORING TOOLS](#)

Social indicators are increasingly being added to the traditional economic indicators, and gaining their own place, as was the case in the renewed Social Scoreboard. This brings monitoring of social policy closer to the core of economic policy, as it should rightly be.

- ➔ The ETUC demands the completion and/or amendment of the existing indicators of the performances of Member States with respect to the Implementation of the Recommendation on access to social protection This would functionally improve pensions in Europe from an "Ageing with Dignity" perspective.

V. Funding universal and adequate social protection models in the post Covid-19 period - [RETHINKING FINANCING SOCIAL PROTECTION](#)

SURE shown how a non-austerity-driven approach to emergencies can allow more people, than just few privileged ones, to benefit from the rights to income, security and overall protection and well-being. Certainly, social protection and especially pension systems have been hard hit by the Covid crisis. However, the issues that emerged from the 12 countries that were investigated by the SociAll project can provide a solution to a genuinely European design of rights-based policies, backed by adequate resources. Research and experience show how the countries that coped better in the crisis were those with well-designed social protection systems already in place.

The dynamics of the changing world of labour, including the digital revolution, imply the need for new ways of financing social protection in the future. These should cover the redistribution of productivity gains as well as the new taxation rules on financial companies and digital platforms.

¹⁰ See ETUC discussion paper on the European tools for minimum income schemes, a cornerstone for a European anti-poverty and social inclusion strategy, approved at the virtual Executive Committee meeting that took place on the 2nd and 3rd of July 2020, <https://www.etuc.org/sites/default/files/document/file/2020-08/EN-European%20tools%20for%20minimum%20income%20schemes%2C%20a%20cornerstone%20for%20a%20European%20anti-poverty%20and%20social%20inclusion%20strategy%20%28discussion%20paper%29.pdf>

¹¹ See ETUC input on the right to adequate, accessible and effective minimum income schemes, Resolution adopted at the virtual Extraordinary Executive Committee Meeting of 23 September 2020 https://www.etuc.org/sites/default/files/document/file/2020-09/ETUC%20input%20on%20the%20right%20to%20adequate%2C%20accessible%20and%20effective%20minimum%20income%20schemes%20%28Resolution%20adopted%29_1.pdf

Investing in people through effective social protection means upgrading the economic growth to a different quality and higher levels. While investing in social protection means to go beyond the logic of GDP as the only indicator that measures the development of a country; and consider well-being as the alternative measure to orient fiscal decision making.

- ➔ **The ETUC calls for the transformation of the temporary COVID-19 crisis measures into a permanent approach to adequate, comprehensive social protection systems, grounded in law. It also calls for structural EU interventions**, allowing EU and global issues to be tackled from a perspective of solidarity and upward social convergence.

VI. A rights-based approach to social protection within the European Economic Governance (EEG) - DIGNITY OF AGEING VS COSTS OF AGEING

There is no contradiction between economic progress and social progress. The Covid crisis has shown how the balance between the fiscal and the social priorities cannot be postponed. It also evidences the need to re-address the burden for member states to adopt a needs-based, rather than a cost-cutting, approach.

In line with the concept of “Ageing with Dignity”, which the ETUC is developing, **the ETUC demands that:**

- ➔ **Fiscal austerity is overcome**, and that governments address the most basic rights of people, through effective social transfers and needs-based expenditure;
- ➔ **Sustainability of social protection is assessed against its adequacy**, thus in its potential to provide effective and dignifying living conditions for all;
- ➔ within the EEG framework, **the narrative of the “cost of ageing” is revised into the rights-based one of “costs of Ageing with Dignity”**, where pensions, health and long-term care, must be considered as an investment in the well-being of people;
- ➔ Amending EU level frameworks accordingly, to ensure overall coherence in a needs- and rights-based approach, which should consistently guide policy making.