

Keynote speech at UNECE/MIPAA conference on ageing.

Venue: Congress Centre of Lisbon (CCL)

Lisbon, 22/09/2017

(Praça das Indústrias, 1300-307)

**"Encouraging longer working life and ability to work"**

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Ladies and gentlemen,

[1. What's the issue]

We are all getting older. This is a fact of life.

Between 2004 and 2015 life expectancy of Europeans increased by 2.2 years.<sup>1</sup>

A baby born here in Lisbon today can expect to live until 81.<sup>2</sup> Three years more than in 2004.<sup>3</sup>

And if you turn 65 this year, congratulations.

You will probably celebrate your 84<sup>th</sup> birthday as well.<sup>4</sup>

About getting old Mark Twain once said:

"Age is a case of mind over matter. If you don't mind, it doesn't matter."

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<sup>1</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00025&plugin=1>

<sup>2</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00025&plugin=1>.

Today = figure 2015.

<sup>3</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tgs00101>

<sup>4</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00026&plugin=1>

Unfortunately, I have to say, I don't agree with Mark Twain.

Because we are all getting older, our societies face a number of challenges.

And these challenges do matter.

### *[Challenges]*

While the population of Europe will increase in the coming years, the working age population will shrink: from 306 million today, to 267 million in 2060.

Today, four working people support one pensioner.<sup>5</sup>

In 2060 the ratio will be two on one. Two people at work will support one person staying at home.

The cost of social support will increase.

This poses challenges to our pension systems, the welfare state, the solidarity between generations, and the social fabric of our societies.

This is not just a European challenge. It is also a global challenge.

Today (2015), there are around 700 million people aged 60 years or older. This figure will double by 2025.<sup>6</sup>

### [2. Opportunities]

But, make no mistake: ageing does not just pose challenges. With the right Active Ageing approach, it also offers opportunities.

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<sup>5</sup> Based on an old age dependency ratio of 28.5 (2015) and 51.6 (2060)

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde511&plugin=1>

<sup>6</sup> UN statistics

First. Active Ageing means more social opportunities. Older people contribute to society too. We should empower them to contribute even more. We should empower them to work, learn and volunteer, according to individual needs, preferences and capacities. There is still much to be done. Because despite recent improvements, only 4 out of 10 of people of 'pre-retirement' age –the 60 to 64 age group – are in employment.

Second. Active Ageing means economic opportunities. Older people spend money too. Certain studies estimate the silver economy at 3 trillion dollars per year globally, which makes it the third biggest market in the world.

And their experience and expertise is an indispensable asset for our economies: which also increases when they can properly pass the torch by mentoring younger generations.

On top of this, a whole new economy is arising to make it possible for people to work longer, be independent longer, to be active longer. This so-called silver economy creates opportunities and jobs for all.

This November we are organising here in Lisbon [*together with the Portuguese Government and the Calouste Gulbenkian Foundation*] a conference on social innovation. Our aim is to showcase the new trends and to help share experience and build partnerships.

But allow me to give you already now just two examples to capture the economic and job-growth potential of a developed market for active and healthy ageing:

First, the Scottish Telecare Programme; its objective is to support independent living. Over the period 2006-2010 it generated savings of approximately 78.6 million pounds.

And second, the development of Silver Economy brings important job opportunities. In the health and social services sector alone, one million new jobs are projected by 2020.

Which brings me to an unsubstantiated myth that I have heard at times, especially since the beginning of the crisis. The myth that by staying active longer, old people steal young people's jobs.

Let us today dispel this myth.

Because the opposite is true. The evidence shows keeping older people in work actually improves employment prospects for all – including for the younger generations.

Each generation has something different to offer and they are usually targeting different kinds or levels of jobs. So older and younger are not readily substituted for each other.

Also, equally important, the number of jobs in the economy is not static: **there is not a fixed number of jobs. The more spending power in the economy, the more jobs can be created. And active ageing definitely supports it!**

This is also the experience in countries like Germany, Denmark or the Netherlands where people work longer and there is also lower youth unemployment.

And it feels me with confidence for the work ahead that active ageing is a priority for the European Social Partners, who reached a framework agreement on active ageing earlier this year (March 2017); indeed social partners have a key role in ensuring a healthy,

safe and productive working environment and work organisation for all ages.

So I warmly welcome the declaration signed today as clear commitment to take action and to tackle this as a priority.

I welcome it, because it doesn't just stress the reform of welfare, pension and health systems. It also underlines the contributions made by older people and shows our shared commitment to enable all people to fully participate in our societies and economies. No one should be left behind or pushed aside.

In many ways, the declaration reflects the Guiding Principles agreed at EU level in the 2012 European Year of Active Ageing.

[3.0 Solutions: Social Pillar]

These Guiding Principles are very much reflected in the steps we are taking now in the European Union, under the European Pillar of Social Rights.

We launched the Social Pillar because we faced with profound challenges. And it is not only the demographic ageing. Rapid innovation is changing the world of work.

We need to update our European Social Market Economy for the 21st century. We need a comprehensive approach. An approach aimed at creating both a dynamic economy and a fair society.

So it is a political choice and not simply a coincidence that Chapter one, verse one of the Social Pillar is about the right to quality and inclusive education, training and life-long learning.

The Social Pillar also contains principles concerning equal opportunities, old age income and pension, and the inclusion of people with disabilities.

In short, the Pillar sets the framework that will help us meet the challenges of an ageing Europe in a fast-paced world; a compass to make the European social model future proof.

### [3.1 concrete steps – European Semester]

In line with the principles outlined in the Pillar of Social Rights, we have taken a number of concrete steps.

For instance, following policy coordination through the European Semester, practically all Member States have reformed their pension systems, often in line with our country specific recommendations.

For example: They have taken measures to prolong working lives and limit early retirement, and they have linked pensions to life expectancy.

This is essential to ensure that our pension systems remain financially sustainable. And also that pensions remain adequate to provide older people a life in dignity.

Longer working lives have become a reality. Between 2011 and 2015, the number of people at work aged 55 to 64 increased by 5 per cent.

But for people to work and remain active in society longer, we must make it possible for them to do so.

That's why we need to give people at least three things: jobs, skills and access to the workplace, goods and services.

### *[3.1 Jobs/Long term unemployment]*

First the jobs. We can't expect people to work longer, if there are no jobs. So we must tackle unemployment first. Especially long term unemployment.

Although labour markets are recovering, this remains an acute challenge. Not just for the old. But especially older people find it hard to get back to work.

But to create more and better jobs, we need to continue on the path of economic recovery; with a triple focus on boosting investments, supporting reforms and responsible public finances.

The Commission is also taking targeted steps.

- Our Recommendation on Long Term Unemployment aims to get people back to work by stressing early intervention and individualised support.
- And 41 per cent of European Social Fund allocations target the unemployed – of which one fourth the long term unemployed.

But creating jobs is not enough. The longer people are out of work, the more vulnerable they become. And even for those who are in work, life-long learning is an absolute necessity. Because skills quickly become obsolete in a fast-changing economy.

### [3.2 Skills]

This is why, second, we must focus on skills. Let me make this clear: not just for the old.

If we only start updating skills once people become unemployed, it will be too late.

There is no work or profession which is unaffected by technology. You are just as exposed to the changes that gig and shared economy

bring if you a plumber, an accountant, a researcher or – for that matter- a politician.

If we want competitive and resilient economies; and if want our people- old and young- to have quality jobs and be able to fully participate in today's economy and society; investing in and lifelong learning for everyone is the only way.

With our New Skills Agenda we aim to get skills in line with labour market demand. We also aim to better understand current and future skill needs.

We want to tackle one of the biggest challenges that Europe is facing: 70 million Europeans lack basic skills. For the very weakest on the labour market, our Upskilling Pathways initiative aims to boost basic literacy and numerical skills and digital skills.

Older people lacking these skills stand to benefit from this initiative. OECD data suggests that, on average, older age groups have lower levels of basic skills than younger age groups.

If anything this proves my point: we have to start teaching key skills at an early age.

And let's not forget that by providing meaningful employment opportunities to both old and young people, we are all becoming better and stronger.

On one hand, older people have much to teach, thanks to their knowledge and experience built up during a lifetime at work. Enabling them to stay at work longer, allows for a more successful and smooth succession and transfer of this precious experience and knowledge.

On the other hand, younger people often bring new ideas challenging established ideas and processes; and expose older workers to new technologies and concepts.

### [3.3 Accessibility ]

Thirdly, we must remove barriers to the workplace, goods and services. To make sure that people can work as long as they want, we need to create healthy and safe and accessible workplaces. Our European Accessibility Act aims to improve access for everyone.. And our Work-Life balance initiative will make it easier to combine work with caring responsibilities, for instance of elderly parents.

Also, through EU's smart specialisation strategy and with the support of EU funding, 110 European regions have identified Active Ageing as a strategic priority. This has the potential to bring broad partnerships and innovative projects at a European scale.

### [Conclusion]

Ladies and gentlemen, let me conclude.

Together, we must meet the challenge of an ageing world.

This is a shared challenge for our societies. We must make sure that everyone can participate— old and young. No-one must be left behind.

And second, this is a shared challenge for all UN Members.

By putting it high on the agenda, and working closely together, we can meet this challenge.

Today, looking at the ministerial declaration and this conference, I am confident we will meet this challenge.