

Consultation on the European Pillar of Social Rights

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Welcome to the European Commission's online public consultation on the "European Pillar of Social Rights".

Are our social rights fit for the 21st century? The Pillar will identify a number of essential principles to address the challenges in the field of employment and social policies.

We want to involve everyone in shaping the European Pillar of Social Rights. We welcome contributions from citizens, social partners, organisations and public authorities, so have your say!

Please submit your contribution below until the end of 2016.

I. Questions for the identification of the respondent

*** Are you replying as an individual or as an organisation?**

- Individual
- Organisation

What is the type of your organisation?

- Business
- EU level organisation
- National level organisation

Your national level organisation is a(n)

- NGO
- Trade Union
- Employers organisation
- Think tank/academia
- National administration
- Regional/local administration
- Other

Please specify:

500 character(s) maximum

The Finnish Pension Alliance TELA looks after the interests of all authorized statutory pension providers operating in Finland. We represent the entire sector and our membership comprises all insurers providing statutory earnings-related pensions.

*** Name of your organisation or institution:**

500 character(s) maximum

The Finnish Pension Alliance TELA

*** Respondent's first name:**

Janne

*** Respondent's surname:**

Pelkonen

*** Respondent's email address:**

janne.pelkonen@tela.fi

*** Postal address of your organisation or institution:**

500 character(s) maximum

The Finnish Pension Alliance TELA
Salomonkatu 17 B
FIN-00100 HELSINKI

Country

For individuals: country of residence.

For organisations: country where the organisation is based or country where the organisation's headquarters are.

Finland

Register ID number (if you/your organisation is registered in the Transparency register):

If you would like to register, please refer to the following webpage to see how to proceed : <http://ec.europa.eu/transparencyregister/info/homePage.do>

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* Your reply:

- Can be published with your personal information** (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
- Can be published in an anonymous way** (I consent to publication of all information in my contribution except my name/the name of my organisation and I declare that none of it is under copyright restrictions that prevent publication)
- Cannot be published - keep it confidential** (The contribution will not be published, but will be used internally within the Commission)

II. Questions for the consultation

The Commission invites all interested parties to reply to the questions set out in the questionnaire below, together with any additional comments, by 31 December 2016. (*See also [Commission communication "Launching a consultation on a European Pillar of Social Rights", COM\(2016\) 127 final](#)*)

On the social situation and EU social "acquis"

1. What do you see as most pressing employment and social priorities?

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To begin with, there should be a shared and clear understanding on the present social conditions at the aggregate EU level and in MS. In our view, this can be achieved through existing EU frameworks, indicators and processes.

Additionally, it is vital to look at the long-term trends and predicted structural changes in labor markets. The social pillar consultation and following discourse can give valuable insights particularly on MS' institutional readiness when faced with labor market transformation and accelerating "creative destruction of jobs".

Rates of long-term unemployment and youth unemployment still remain relatively high compared to historical performance. Persistent long-term unemployment is a serious threat to pension sustainability and adequacy in MS. Over-generational-unemployment should be kept at present fairly low levels and promotion of social mobility should be a clear priority.

In an aging Europe a healthy balance between time spent at work and time spent in retirement must be a common goal for everyone, although in line with respecting subsidiarity principle and diverse pension policies. Success in raising effective retirement age will depend on job creation and on how well MS' Institutions can support work ability, working conditions and learning during all stages of life course.

Intergenerational divide has widened and the young have been hit the hardest by recession and low-growth economic environment. Employment participation rates have never been this high for seniors and never so low for the youth. Focusing on intergenerational equity in social policy reforms is a key to social stability in MS. There might also be need for a gender view on youth employment.

Along with EU2020 employment and R&D objectives, success in reaching educational benchmarks is necessary. Poverty target is also far away and situation seems to have stabilized to worrying levels from the point of view of social cohesion in MS.

2. How can we account for different employment and social situations across Europe?

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Collecting statistical data and developing methodology are implemented currently very professionally and commendably by the EU, which is sometimes understated. Comparative data on social performance should be used to encourage soft policy coordination and exchanges of good practices.

We emphasize that Social OMC and work done in collaboration with committees not only raises awareness of MS social policies and conditions but also strengthens important mutual learning.

The EU2020 strategy and European Semester include a wide arrange of social indicators applied to both MS and aggregate EU level, which help to create a holistic view on present social conditions in Europe.

European Semester has the potential to be the main driver for social agenda and it has recently been modestly streamlined to include more “social dimension”. We question whether there is need for new framework of “social benchmarking”, since the current potential of EU semester has not been fully utilized.

While reporting on social conditions is quality wise at high-level, this is also time-consuming and allocates scarce MS resources. Therefore, the best use of existing processes like the EU Semester in enhancing social dimension and assessment of MS social conditions should be reflected on.

Preventive economic coordination framework has recently been complemented by headline indicators related to social (employment) performance. We support the practice in which these indicators do not have the potential to trigger any corrective measures. Social policy choices should ultimately be at the exclusive competence of MS.

Overall, “social benchmarking” should be non-legal in nature and not challenged by initiatives related to social pillar or the deepening of EMU. Pillar initiative must include all the EU MS, not just the Eurozone, since foreseen challenges related especially to “new ways of work” and demographic aging are shared by all.

3. Is the EU "acquis" up to date and do you see scope for further EU action?

2000 character(s) maximum

Main goal of the social pillar is to construct a holistic view on whether the current EU legislative framework is not only relevant but also implemented by MS. Until there is a clear vision on the substance of the initiative, it is difficult to evaluate the need for changes in the community legislation.

EU integration has progressed following almost unrepresented economic and financial crisis. MS have gone through painful structural reforms. Promotion of high level of employment along with other Treaty's "horizontal social clause" objectives should be the guiding light of EU social policy coordination.

Most essential problem to be solved is the legal significance of the social pillar. We want to reinforce the current division of competencies in field of social protection. Furthermore, the search for "one-size-fits-all" benchmarking of social performance is also a highly sensitive issue to MS.

We find it biased that the social pillar is designed only for the eurozone, which would leave out the rest or they would have the possibility to opt-in. Social rights expressed in primary Union legislation are shared by all, why the focus just on eurozone could be problematic. However, we do not believe that the current limited legislative force of EU and shared competence in the field of social protection should be expanded. In fact, focus should be in implementation of existing rights and processes. We would like to highlight the inherent MS discretion over the design and finances of pension systems.

Social rights to old age benefits are recognized by the Union primary law. In the case of secondary law, the rules on social security coordination should be constantly developed by the community method. EU has so far excelled in developing common indicators for social performance of member states. Development of possible new benchmarks for the eurozone, as mentioned in various EMU visions, should not lead to any kind of legal binding or "triggering" instruments.

On the future of work and welfare systems

4. What trends would you see as most transformative? [Please select at most three from the list below]

between 1 and 3 choices

- Demographic trends (e.g. ageing, migration)
- Changes in family structures
- New skills requirements
- Technological change
- Increasing global competition
- Participation of women in the labour market
- New ways of work
- Inequalities
- Other

5. What would be the main risks and opportunities linked to such trends?

2000 character(s) maximum

Two of the listed trends raise above others in significance in the long-term: demographic aging and advances in computer technology fostering automation. They are by far the most disruptive.

Population aging is a major challenge to MS public finances and services and it also affects economic growth potential. Economic research (OECD countries) suggests that population aging somewhat impedes economic growth. The combination of increasing longevity and low fertility is harmful for the long-term sustainability of pension schemes.

Negative effects of aging can to certain extent be mitigated by structural reforms. Those pension systems/schemes which have prefunded pension liabilities are better equipped to cope with longevity risks. While respecting MS' and social partners' competencies, societies should focus on policies, which enhance productivity of elderly workers such as education /training, rehabilitation, and wellbeing at work.

Age dependency ratio is set to double, but the pace of aging process varies somewhat between MS. Fertility rate is expected to rise but it will not be enough to sustain current population level in the long run. The social pillar lacks strong focus on enhancing social integration of immigrants to labor markets. Aging Europe cannot afford to miss this opportunity.

Technological revolution is one of the main drivers behind "new ways of work", already a labor markets feature. Work is losing its connection to physical location, which in turn might revolutionize divisions between old market statuses.

Polarization of labor markets is expected widen. The shares of middle-income and routine jobs have proven to be susceptible to computerization and globalization. Technological change can also offer new job opportunities. This puts pressure to social protection models on recognizing different earning strategies. Constant appetite for developing new skills through whole life-course should be promoted by MS.

6. Are there policies, institutions or firm practices – existing or emerging – which you would recommend as references?

2000 character(s) maximum

On the European Pillar of Social Rights

7. Do you agree with the approach outlined here for the establishment of a European Pillar of Social Rights?

- I strongly agree
- I agree
- I disagree
- I strongly disagree

Please specify:

2000 character(s) maximum

8. Do you agree with the scope of the Pillar, domains and principles proposed here? *(If you wish to provide detailed comments on any of the 20 domains, please see the section "Detailed comments by domain" below)*

	I strongly agree	I agree	I disagree	I strongly disagree
1. Skills, education and life-long learning	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Flexible and secure labour contracts	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Secure professional transitions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Active support for employment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Gender equality and work-life balance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Equal opportunities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Conditions of employment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Wages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
9. Health and safety at work	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Social dialogue and involvement of workers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Integrated social benefits and services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Health care and sickness benefits	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Pensions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
14. Unemployment benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
15. Minimum income	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
16. Disability benefits	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Long-term care	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Childcare	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Housing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. Access to essential services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Are there aspects which are not adequately expressed or covered so far?

2000 character(s) maximum

9. What domains and principles would be most important as part of a renewed convergence for the euro area? (Please select maximum 5)

between 1 and 5 choices

- 1. Skills, education and life-long learning
- 2. Flexible and secure labour contracts
- 3. Secure professional transitions
- 4. Active support for employment
- 5. Gender equality and work-life balance
- 6. Equal opportunities
- 7. Conditions of employment
- 8. Wages
- 9. Health and safety at work
- 10. Social dialogue and involvement of workers
- 11. Integrated social benefits and services
- 12. Health care and sickness benefits
- 13. Pensions
- 14. Unemployment benefits
- 15. Minimum income
- 16. Disability benefits
- 17. Long-term care
- 18. Childcare
- 19. Housing
- 20. Access to essential services

Comments:

2000 character(s) maximum

The social pillar is intertwined with parameters of the “5 presidents” road map. It can be seen as way to “optimize” the currency union. Some flexibility on coordination rules has already been proposed by the Commission. Long-term social investments to human capital (e.g. education) should be supported

When monetary policy is centralized, importance of fiscal policy is underlined. Particularly in case of economic and financial crisis, which was also partly asymmetrical in EU. The debate on effectiveness of automatic stabilizers in smoothing output is lively at the moment. The MSs usually have several options in their fiscal toolkit, although constrained by economic coordination rules, but as a collective eurozone has none.

Ideas like the common unemployment insurance or cyclical shock mechanism, not to mention true fiscal union, have emerged to “patch up” currency union imperfections. These would require more centralized decision making, budgetary discipline and legislative changes to community law. A stricter Maastricht rules-based union is a possibility as well.

Pensions should not be linked to the deepening of EMU. Pension designs in MS are diverse and linked to nationally distinct and variable institutional set-ups. Pension systems also take decades of maturation. Balance between sustainability and adequacy is a good principle, but final decisions on pension reforms and policies must be the exclusive competence of MS. New processes regarding pension benchmarking should be abandoned.

While pensions have macroeconomic stabilization effects, the main goal of pension is to offer individuals protection against social risks. Received defined benefit pensions are fairly unresponsive to cyclical changes. Defined contribution pensions have more pro-cyclical features.

We support the use of social dialogue with regards to pillar’s role in EMU development and wish to ensure social partners' involvement in the European Semester at EU and national level.

10. How should these be expressed and made operational? In particular, do you see the scope and added value of minimum standards or reference benchmarks in certain areas and if so, which ones?

2000 character(s) maximum

Detailed comments by domain

If you wish to provide detailed comments on any of the domains, please select one or more from the list below and fill the table(s) and comment box(es) underneath. (A detailed description of the domains and principles is available in the [Annex "A European Pillar of Social Rights - Preliminary Outline"](#) to the [Commission communication "Launching a consultation on a European Pillar of Social Rights"](#), COM(2016) 127 final).

- 1. Skills, education and life-long learning
- 2. Flexible and secure labour contracts
- 3. Secure professional transitions
- 4. Active support for employment
- 5. Gender equality and work-life balance
- 6. Equal opportunities
- 7. Conditions of employment
- 8. Wages
- 9. Health and safety at work
- 10. Social dialogue and involvement of workers
- 11. Integrated social benefits and services
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- 15. Minimum income
- 16. Disability benefits
- 17. Long-term care
- 18. Childcare
- 19. Housing
- 20. Access to essential services

13. Pensions

	I strongly agree	I agree	I disagree	I strongly disagree
Do you agree with the challenges described?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is the principle addressing those challenges in the right way?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Should the EU act to put in reality this principle?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Do you have other comments or additional suggestions? For instance: how to address these challenges in the right way? How should the EU act to put in reality this principle?

2000 character(s) maximum

We fully agree that increasing longevity and shrinking working age population propose threats to sustainability of pension systems. We would like to add that in many MS low levels of fertility rates and net immigration cast a long shadow on future financing of pensions. Prefunding liabilities strengthens resilience of pension systems to demographic aging.

Many MS have successfully adapted pension systems to increasing life-expectancy. For the sake of legitimacy, we recommend that reforms should address intergenerational issues in transparent way and do not favor current pensioners.

We support approach in which pension adequacy is considered alongside with sustainability. Inclusion of vulnerable groups should be encouraged by MS. The rise of precarious employment and entrepreneurship create concerns for future pension adequacy. I-pillar social protection pensions can offer strong inclusion and also support work mobility.

We applaud focus on coverage, contribution base and accrual on non-labor periods. The most vulnerable groups in EU labor markets (precarious, self-employed, disabled) do not have the financial capacity to save up for private pension products (e.g. PEPP), even if they are backed by tax subsidies. Market based DC pensions also shift all the risks to individuals. Development of supplementary pensions will not close the gender pension gap.

Linking pensionable age to life-expectancy and reducing early exit pathways are not only ways to strengthen pension sustainability but also pension adequacy. Adequacy is improved if pension accrual and retirement process are designed appropriately and labor markets support employment of elderly workers.

Pension design and policy choices must remain in exclusive competency of the MS. A great variety of pension adequacy benchmarks are already available and present EU frameworks could be used to promote both pension sustainability and adequacy goals without compromising division of competencies.

16. Disability benefits

	I strongly agree	I agree	I disagree	I strongly disagree
Do you agree with the challenges described?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is the principle addressing those challenges in the right way?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Should the EU act to put in reality this principle?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Do you have other comments or additional suggestions? For instance: how to address these challenges in the right way? How should the EU act to put in reality this principle?

2000 character(s) maximum

We agree that the key challenge is to design disability benefits and rehabilitation services in ways, which promote both adequate social protection and incentives to enter employment when possible. Recent MS pension reforms have reduced early exit routes also linked to disability pensions. Rehabilitation services can substantially help to close the gap between legislative pensionable age and effective retirement age.

In fragmented service systems, a lot of work needs to be done in creating seamless chain of services, which should guarantee that citizens find the health and rehabilitation services they need. Additionally, incentive traps should be abolished and the interplay of social security benefits and work income should be flexible.

It is very important to recognize the difference between those who are fully incapable of participating to the labor markets and those who still possess partial work ability. In some MS the disability benefits already include the possibility of combining benefits and income from work. Unfortunately, citizens with partial work ability have trouble finding new employment.

We would like to highlight that the view of vocational rehabilitation (education, courses, guidance, shaping work etc.) of those with partial work ability is minimal in the social pillar and also in other EU level initiatives. It is vital that rehabilitation services at MS level promote transition back to employment from sickness/disability.

Finnish statutory earning-related pension system has a vision where more people will be rehabilitated each year to a "new professional beginning" than granted disability pensions. Vocational rehabilitation means investing into human capital of employees and self-employed. It is a true success story of Finnish welfare state with almost ¾ returning to work and a win-win-win-win situation for the employee, employer, pensions system and for the society in general.

Contact

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