


# Procedure file

Basic information	
COS - Procedure on a strategy paper (historic)	1997/2047(COS)
Modernising and improving social protection in the European Union	Procedure completed
Subject	4.10.10 Social protection, social security

Key players			
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy		18/06/1997
		ELDR <a href="#">KESTELIJN-SIERENS Marie-Paule (Mimi)</a>	
	<b>FEMM</b> Women's Rights		17/04/1997
		GUE/NGL <a href="#">SORNOSA MARTÍNEZ María</a>	
Council of the European Union	Council configuration	Meeting	Date
	Social Affairs	<a href="#">2015</a>	27/06/1997
	Social Affairs	<a href="#">1999</a>	17/04/1997
	Social Affairs	<a href="#">1914</a>	29/03/1996

Key events			
29/03/1996	Debate in Council	<a href="#">1914</a>	
12/03/1997	Non-legislative basic document published	COM(1997)0102	Summary
07/04/1997	Committee referral announced in Parliament		
17/04/1997	Debate in Council	<a href="#">1999</a>	
27/06/1997	Debate in Council	<a href="#">2015</a>	
25/09/1997	Vote in committee		Summary
25/09/1997	Committee report tabled for plenary	<a href="#">A4-0291/1997</a>	
06/11/1997	Debate in Parliament		
06/11/1997	Decision by Parliament	T4-0538/1997	Summary
06/11/1997	End of procedure in Parliament		
24/11/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2047(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/4/08729

Documentation gateway					
Non-legislative basic document		COM(1997)0102	12/03/1997	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0291/1997</a> <a href="#">OJ C 339 10.11.1997, p. 0005</a>	25/09/1997	EP	
Text adopted by Parliament, single reading		T4-0538/1997 <a href="#">OJ C 358 24.11.1997, p. 0015-0051</a>	06/11/1997	EP	Summary
Economic and Social Committee: opinion, report		<a href="#">CES1397/1997</a> <a href="#">OJ C 073 09.03.1998, p. 0085</a>	10/12/1997	ESC	Summary

## Modernising and improving social protection in the European Union

OBJECTIVE: This communication has a dual purpose: - to indicate the routes along which modernization can be pursued with regard to social protection in the Member States, - to present some specific proposals for European-level support. SUBSTANCE: taking stock of the discussion which followed the communication on 'The future of social protection in Europe' (COS0329, 1995), the document recalls, first of all, that social protection systems in the Member States now account for more than 28% of the European Union's total GDP. Given that the systems were set up, for the most part, after the war and that the economic and social context has significantly changed and is continuing to do so, the Commission considers that these urgently need to be modernized and adapted: to the changing nature of work, to the change in the gender balance, to the ageing of the population, to the need to reform the coordination of national social security schemes for migrant workers. With specific reference to the response to the 1995 document, the Commission pinpoints 5 key areas for further analysis: - social protection as a productive factor: the Commission will study the overall costs and benefits of social protection systems, in terms of social cohesion, political stability and economic progress; - more employment-friendly social protection systems: urgent consideration needs to be given to the way in which social protection reforms and taxation can be developed as an integral part of an active employment policy. This will be based on the examination of best practices in the field of active policies. The Commission will examine, in particular, how reactive unemployment insurance can be turned into a proactive employability insurance, in connection with the trend towards the development of lifelong education. The Commission will also deal with analysing the measures taken by Member States to reduce non-wage labour costs and the impact of taxation on employment. It will also look at the problems of a gradual transition to retirement (in particular, by examining opportunities for older workers to stay in the labour market), the mechanisms resulting from guaranteed income schemes and the positive effects of integration policies (types of integration contracts, duration, etc.); - adapting social protection to the ageing of the population: the Commission intends to develop methods for forecasting expenditure and to assess the elements of reform which seem to be most adapted to ensuring the sustainability of public pension schemes while preserving their core aspects of solidarity. It proposes, in particular, identifying a regulatory framework at European level in order to provide a secure environment for supplementary pension schemes. At the same time, it will study on-going reforms relating to the needs of dependent persons. Finally, it will carry out an assessment of the potential impact of prevention on the reduction of health care costs and clarify to what extent and under what conditions introducing market forces within health care systems can help save costs (while fostering a better quality of services and ensuring access for all to health care); - adapting social protection to the new gender balance: the priority here is considering how to reconcile family and working life. The Commission will present initiatives aimed at setting higher standards for the care of children and other dependents. As regards equal opportunities, the Commission intends to assess the attempts made by the Member States to make progress towards individualization of rights without jeopardizing the economic situation of women; - improving social protection for people moving within the Community: the Commission will develop a strategy to reform and simplify the coordination of social protection for migrant workers. It will, in particular, draw up a proposal for a directive seeking to tackle cross-border problems in relation to occupational schemes. In conclusion, the Commission calls on all Member States and Community institutions to engage in a dialogue in this field and plans to present a joint report in December 1997 on the action to be taken in response to this general discussion. It also calls on the social partners and NGOs to contribute to this work. ?

## Modernising and improving social protection in the European Union

The Committee unanimously adopted a report drafted by Barbara WEILER (PES, D) on modernizing and improving social protection in the European Union. The Committee called for action to be taken by the Commission and the Council in order to use the opportunities offered by the Amsterdam Treaty for a common European social policy. It stressed that only an active employment policy can provide a basis for

preserving or strengthening social security. The Committee called for proposals on EU-wide minimum social standards. It stressed the need to harmonize and coordinate company taxes at a European level as soon as possible. In addition, tax burdens should be shifted from labour to other areas, such as energy. The Committee gave its firm support to identifying good practices and the evaluation of the reforms undertaken in the Member States. It expressed its concern over current economic, social and demographic challenges, such as the ageing of the population, and proposed the introduction of flexible systems for the transition from employment to retirement. It wants the value of the basic pension to be preserved in the future although there should be an option to introduce supplementary schemes?

## Modernising and improving social protection in the European Union

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Adopting the report by Mrs Barbara WEILER (PSE, D) on social protection, the European Parliament called on the Commission and the Council to use the possibilities offered by the Amsterdam Treaty for a common European social policy. However, it regretted that unanimity was still required in this area. It urged the Commission to demonstrate the importance of quality social protection to European competitiveness and called on the Council and the Commission to reach a decision without delay on the challenges which EMU would pose to social benefit systems and employment in the Member States. It stressed that an active policy to promote employment was the only useful basis for preserving or strengthening social security. The European Parliament called on the Commission to present a report on developments in poverty and wealth in the European Union every two years. It also called on the Commission and the Employment and Labour Market Policy Committee to define a social convergence strategy linking the Union's employment policy to serious social protection. At the same time, Parliament was in favour of identifying "good practices" in this area and evaluating the reforms undertaken in the Member States. It expressed its concern over current economic, social and demographic challenges and proposed the introduction of flexible systems for the transition from work to retirement. It supported the efforts made by the Member States to make the tax and social security systems more conducive to job creation and welcomed the progress made at the informal ECOFIN Council in September 1997 towards the adoption of a code of conduct which sought to eliminate unfair fiscal competition between the Member States. It considered in particular that the tax burden should be shifted from labour to other areas, which it did not define. It reiterated the need for better coordination of supplementary pension schemes and tax and social security schemes for frontier workers. It also called for social protection schemes to be reexamined in terms of professional discrimination and unequal salaries and recommended that the Commission identify discrimination which had arisen as the result of the application of actuarial factors in calculating pensions. Voicing its concern about the situation of women, it called for an examination of the possibility of introducing an entitlement to minimum benefits irrespective of time worked and salary and for the "contribution-benefit" method to be abolished for the purposes of calculating pensions. It also called on the Commission to present without delay a legislative text on equal treatment for the self-employed and a directive on child care. It called on the Commission to investigate any discrepancies in the Member States between social security systems which applied to married couples and to couples living together and for clear rules on medical insurance in the Member States.?

## Modernising and improving social protection in the European Union

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Social protection expenditure accounts for 28% of EU total GDP. In the United States, net expenditure is 27% of GDP. EU social protection expenditure increased in the 1980s and 1990s at a slower rate in relation to GDP than it did in the 1970s. The Committee has consistently upheld the view that social protection can help stimulate and reinforce economic performance. The negative, downward spiral, of bad economic performance being transposed into social protection cut-backs and therefore lower consumption and reduced demand, can be turned around into a positive integrated approach, concentrating on transforming passive into active expenditure, generating jobs, services and growth. The potential growth areas for such a turn-around in making social protection more employment-friendly are predominantly in the sectors where public-private partnerships can be nurtured. For example, the care sector, transport, energy and the environment are all areas where investment, through the use of non-wage income support mechanisms and accompanying safeguards, could enable other pressing needs (such as those of the elderly) to become more economically sustainable, and could be beneficial to growth and jobs. In order to promote employment, there is a widespread agreement on the "need to reverse the trend in taxation structures towards an increasing burden on labour compared to other tax bases". This is why the Committee acknowledges the importance of the global view of the whole area of taxation undertaken by the High Level Tax Policy Group. Proposals in the Commission Communication in favour of a more flexible transition from work to retirement, especially through the use of voluntary part-time pre-retirement schemes, have been consistently supported by the Committee, subject to legislative safeguards and a strong framework of collective agreements adapted to the sectors concerned. The Committee has already supported meeting new care needs for older people. Health care expenditure, especially for the very old, can be partially offset by preventive medicine, guidance and home care. The concern over containing health care costs must be tempered by concern to ensure equitable access to high-quality health care for all. Measures allowing the selection of risks (cream-skimming) would endanger solidarity and jeopardize the provision of effective care. The Committee has endorsed all up-dates of Regulation 1408/71, enabling closer coordination of statutory social security arrangements for people moving within the EU. It has already specifically called for similar provisions for occupational pension schemes, including a legal framework safeguarding assets and individual rights, comparable EU-wide transfer values, and an EU coordination framework for occupational pension schemes. ?