

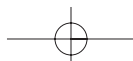
Modern Life Course Support Systems

CHRISTIAN-DEMOCRATIC
PERSPECTIVES ON
CHANGES IN THE LIFE
COURSE AND THEIR
CONSEQUENCES FOR
DEMOGRAPHY, LABOUR
MARKETS AND
GENERATIONAL
RELATIONS

Modern Life

WI

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This book is the English language version of 'De druk van de ketel', published by the Research Institute for the CDA in 2001. Authors of this book are P. Cuyvers, A. Klink and E.J. van Asselt. The translation is done by D. Tinholt and M. Hedges.

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Preface

With the publication *Modern Life Course Support Systems* the Research Institute of the CDA wants to make a Christian-democratic contribution to the political discussion on the issue of the labour market, family-politics and education. This is an important discussion, especially against the background of an ageing society and of changing patterns in the life course of people.

The report shows the necessity of a policy in the area of the labour market, education and social security, which is aligned with the modern life course. It argues that the *family phase* is under pressure. One can speak of both an income dip as well as a care peak: the raising of children costs time and energy. The earning capacity of families decreases, while the financial costs and the combination-stress increase. *Seniors* are confronted with other issues. These have to do with their position on the labour market. Often a great deal of time, knowledge and effort has been invested in the jobs that people have, but increasingly skills age very quickly. Many older employees thus leave the labour market. A great deal of human capital is in fact lost in this way (in an already ageing society). The pressure to sustain the social system in a country thus comes to lie too one-sidedly with exactly the generation that is in the family phase. Besides this, another problem will be dealt with: the general and stubborn problem of unemployment in Europe in an (ageing) era in which economic growth is needed to preserve our social attainments.

The Board of the Research Institute thanks the authors of this book drs. P. Cuyvers, dr. A. Klink and drs. E.J. van Asselt. The book itself is a translation and in some ways an update¹ of the Dutch publication 'De druk van de ketel' published by the Research Institute for the CDA in 2001. Authors of this book were drs. P. Cuyvers, G. Dolsma and dr. A. Klink.

The Board especially thanks drs. A.M. Oostlander, member of the European Peoples Party in the European Parliament. He made it possible to make this translation and this update of the aforementioned book: a book that will certainly be discussed in on European level.

Mr. R.J. Hoekstra



Chairman of the Board of the Research Institute for the CDA

¹ Including new European data.

Summary

The modern life course, low fertility and underemployment

In most Western societies the life course of the average citizen is changing from a three to a five phase model. The traditional stages of childhood, parenthood and old age are more and more 'separated' from each other by the two new childless phases. Young couples before family formation and Senior couples after the children left home have been gaining both in numbers and in wealth in the past decades. Inversely the position of families with young children (relatively) deteriorated: they face the double burden of raising children and building up a labour career. As a result especially women either get less children than they want or participate less in the labour market than they want (or even both).

In sum, the combination of both a low *fertility-rate and underemployment* for women is both a threat to their own personal happiness and to the present and future situation of the European labour market. Moreover since also for elderly people the situation of underemployment is a serious issue. It is quite clear that the imbalance in de the life course is a real problem for modern western societies.

Christian-democratic political philosophy

The keyword for the modern Christian democratic political programme is *responsibility* in two ways. In the first place responsibility stands for the basic notion that people need something to live (and even die) for, something that transcends their own existence. Something like an ideal but most of the time responsibility for something very close and concrete such as other people, children etc.

In the second place responsibility stands for the acknowledgement of the fact that most people indeed take (their) responsibilities: society is not composed of 'calculating' individuals but of individuals as members of their (self-chosen) social groups or institutions.

As a corollary of this political concept the role of government builds forth on the initiatives of citizens. Though government may or even must play the role of (final) shield for the weak -though they can play an important and even decisive role in organising a system of social transfers- governments never should 'take over' the responsibility of citizens in organising solidarity.

Financing Transitional Labour Markets

The economic successes of some countries in the European Union, in the past decades, for a large part profited from the existing labour reserves, combined with cuts in government spending. Both the availability of workers (women for instance) and the falling tax burdens resulted in moderate wage growth. Labour markets however are increasingly suffering from frictions, such as imbalances between young educated (scarce) and older insufficiently trained employees and women staying locked in part-time employment. The growing shortage of youth and children in the greying society will multiply these problems.

In the concept of the transitional labour markets this problem is seen as a result of people being 'locked up' in a number of transitional phases in the life course, of which the transition between labour and care in the family phase is one. Other transitions as well do not take place very adequate:

- between part-time and fulltime labour participation (flexibility almost impossible) between unemployment and employment (hardly any incentives in social system)
- between school and employment (extended school-systems, no 'lifelong' system)
- between employment and pensions (not gradual and very often too soon).

To overcome these difficulties it is necessary to build a system in which transitions into 'inactivity' are as short as possible or make them work positive by combining them with training, caring possibilities etc. An important precondition for this transitional flexibility is to take into account the family perspective: people see themselves not just as individuals and when they make decisions they take into account their (family) commitments. For instance by accepting periods of 'economic dependency' on the partner in the phases with young children (or even longer). At present most 'basic' social systems start from the family income, most insurance systems do not and the situation for taxes is mixed.

Financing *employment-care* transitions is possible in various ways such as time-saving, paid leave as collective arrangement, time-banking (collective time saving), using pension systems to finance leave and of course by financing parenthood directly. Financing *school - employment* transitions is possible by agreements between employers and labour unions, by fiscal support for private initiatives or by giving people 'schooling rights' to be exercised at their own will. Financing transitions between *employment and unemployment* may be done by building sufficient incentives into social systems by creating

'social jobs'. In all these issues it is clear that there is a balance needed between personal responsibility, the responsibility of the social partners and the role of government. And consistent with the Christian democrat philosophy this should be done in a combined system in which all parties involved can play their most fitting role. Governments focus on the long term perspective, the legal preconditions and on building a shield for the weakest, social partners focus on the best fit between the rules and the specific situation in the market and individuals will have to be the most responsible for their own individual life course planning.

The Life Course Insurance System.

The insurance system that will be proposed in this publication covers the period between 18 and 65: a period in which most citizens face a number of the transitions mentioned above. The insurance scheme builds forth on the existing support for special phases such as child allowances, burses (study-loans), unemployment or disability insurance's etc. Essentially the system provides citizens with a number of 'time rights' for education, parental leave, care leave, and in general for sabbaticals or periods of re-education. The financial compensations needed for people to make use of these time rights are organised in a model of three 'layers'. The basic layer consists of benefits such as learning rights, child benefits etc, the second layer is made up of arrangements between employers and labour unions – at the same time bringing all the existing arrangements under one system – and the third layer is an individual saving system.

The system allows for two important improvements. First it can be made possible to make productive use of the imbalances in the present life course by financing for instance parental leave arrangements in the same way as study loans or mortgages, keeping the burden low in these difficult phase and paying back later. Second the system would allow for a number of built-in incentives to increase labour participation, by linking for instance the personal life course funds to other insurance schemes or contributions for schooling etc. This way employees have a 'personal stake' in the length of their unemployment or the success of their schooling at older age.

In sum the life course insurance scheme enables citizens to take more responsibility for their own life course decisions by giving them the possibility to even out the logical and natural differences between phases in their life course. This may especially be of paramount importance for the situation of young parents (in fact: young mothers) who at the moment have a *key position* in social and economical development. It is clear that to

solve the *present* problems on the labour market (in some of the member states of the European Union) the labour participation of mothers has to increase. It is also clear however that to solve the *future* problems of our greying society young couples should not (further) decrease their number of children. The *present paradox* is that most women really would like to do both of these things at the same time, but face too many difficulties in the existing social system to do so. In a number of countries this problem is tackled with a model laying heavy emphasis on childcare. This strategy however does not tackle the fact that most mothers still face a double burden. In other countries massive family support is given, which enables women to stay at home. This 'solution' does not lead to a double burden but is more expensive, leaves the inequality between men and women intact and has a negative effect on labour participation. In a life course insurance system *both partners* get a real and sound possibility to share caring arrangements at precisely the moment in their life they want to invest in their family. And since the system is for a large part financially self supporting it does not increase the collective burden. Moreover, the system is able to finance on the same basis some other transitions that at the moment severely hamper the necessary flexibility of a modern labour market. But though from a Christian democratic perspective these arguments are interesting because they concern the (cost)effectiveness of the system, the most important issue may be that it *gives responsibility to those who should be responsible*.

Chapter 1

Introduction

In this report proposals are developed for the distribution of time and income from the perspective of the (modern) life course of people. As an overture for the proposals, the modern life course is described in the first chapter on the basis of an analysis of current (family) sociological developments. The phase of parenthood and the position of the older employee on the labour market are thereby especially the focus of attention. In the second chapter a sketch is given of the socio-theoretical approach that Christian-Democrats use for questions of social organisation, such as those that are also raised in this report. In the third chapter the report will show the necessity of a policy in the area of the labour market, education and social security, which is aligned with the modern life course. It is indicated that the change from an establishment that is strongly orientated towards the breadwinner (with wife and children) to a government policy that assumes the individual person, needs to be strongly supplemented. Otherwise families will become overly caught in tight corners. Additionally this chapter will delve into the necessity of lifelong learning and the necessity of stimulating people that are inactive on the labour market to find and accept paid work.

Three problems in their mutual cohesion are in fact the focus of attention in this report.

- It will be argued that the *family phase* is under pressure. One can speak of both an income dip as well as a care peak: the raising of children costs time and energy. The earning capacity of families decreases, while the financial costs and the combination-stress increase. The current facilities and insurance's in fact insufficiently enable people to take time to raise children.
- In the subsequent phase of the '*seniors*' there are other issues. These have to do with the position on the labour market. Often a great deal of time, knowledge and effort has been invested in the jobs that people have, but meanwhile the skills age very quickly. In a flexible and dynamic economy the familiar job can work as a trap. In addition to this, the prevailing (job) rewards are often seen as an attained salary path towards retirement. At a later age it is often difficult to turn the 'switch' in the career, while people might sometimes want to do this. The knowledge has however grown old, time and money to train or retrain is lacking. Many older employees thus leave the labour market. A great deal of human capital is in fact lost in this way. The pressure to earn money in a country thus comes to lie too one-sidedly with exactly the generation that is in the family phase.
- Besides this, a rather general and stubborn problem of Europe comes to the forefront: the *faulty stimuli* to carry out paid work if one is

dependent on social security benefits. Here too we are dealing with undesirable forms of inactivity. The costs of it are too high. These are divided among the population with paid employment.

This subject matter takes place against the background of radical demographic changes on the European continent. Birth rates in most countries of the EU have been low for many years while the life expectancy is increasing. The consequences are far-reaching:

- high pension burdens;
- high costs of health care;
- relatively high premium contributions (income insurance for) pensions with
- a relatively small working population with thereby
- pressure on wage control (because of the struggle for the scarce employees¹) with
- even more expensive collectively financed provisions (care, education) because of this, with for that matter
- a lower economic growth due to a decreasing working population.

Of course there also lies a relation with the labour migration policy here. A migration policy that naturally raises its own questions of economic suitability, of integration and cultural diversity, the risk of parallel societies etc.

It will be clear that given these developments the (work) pressure on the younger generations is increasing. The above-mentioned tensions will in other words become more intensive.

In chapter four, the contributions to solving the indicated bottlenecks will be reviewed. The focus will thereby be on a life course system that enables people to spread time and income more evenly over the whole life course, such that:

- the financial family dip and the care peak can be better cushioned;
- (re)schooling at a later age becomes simpler and more attractive to accept newer and more fitting jobs (potentially even with a lower financial reward²);
- there will be more stimuli surrounding social security to find and accept paid work and that on the balance
- more people will be productive on the labour market.

Chapter 2

*Life course perspective on
family developments*

2.1. Introduction: the agreement on family decline.

*'Quite clearly, in this age of the 'me generation', the individual rather than the family increasingly comes first'*³

The statement above, made by the American family scholar David Popenoe, is quite clear on the causes of the alleged problems between generations nowadays. He blames the present generation for being selfish, neglecting social bonds and ties, in sum for disrupting the good works of generations before them. His notion of 'family decline'⁴ has dominated the debate on the family in recent decades.

It is important however to know that there are two diametrically opposed views on family decline. The representatives of the generation accused by Popenoe (and by many others) have deliberately and consciously *promoted* family decline as necessary and already postponed too long. In a series on the United Nations Year of the Family 1994, published in the German weekly *die Zeit*, Claus Koch stated that the family, along with other institutions, had mainly survived for lack of fantasy. That was in his view the reason families were so 'pathetic' and why one viewed with regret being deserted by one's friends for it. In an even more harsh criticism the psychologist Cooper (1971) wrote a book entitled 'The death of the family', in which families were identified as the root of all evil, producing mentally handicapped if not downright sick individuals.

The common ground is the shared belief of the right and left wing that family structures are weakening. The difference is that rising divorce figures were seen by the latter as the dawn of a new era of multiple relationships and by the former as the iceberg that was going to sink the unsinkable cornerstone of society.

In this chapter the shared assumption of family decline, however, is challenged. We will try to show that an analysis from the perspective of the *life course* reveals basic stability underneath a number of changes on the surface of living arrangements. Further life course analysis shows a number of *other* issues with respect to the differences between generations that may have a lot of impact on the future characteristics of modern western societies. The increase in the number of 'stages' individuals pass in their life course and the increasing differences between these stages seem to provoke what we will call 'segmentation' between these phases. Due to the growing difference between the family phase and the (new) phases before and after, child-birth may be further delayed with strong effects on the future labour force.

The analysis in the first part of the chapter will be based on the data for the Netherlands. In the last paragraph recent data on similar developments in other EU countries will be presented, to corroborate our opinion that our analysis will also hold for the family developments in Europe as a whole.

2.2 Family decline: rising numbers of divorces and singles as signs of 'individualisation'

The decline or breakdown of the family at the societal level is usually 'proved' by summing up a series of demographic developments under the heading of words such as 'individualisation' or 'modernisation'. These developments are roughly identical in all western societies, with northern Europe as a clear forerunner and southern Europe lagging behind. The central issue in these developments is the gradual replacement of traditional families based on marriage by consensual unions, single-parent families and step-families, as well as by such alternative living arrangements as same-sex couples. Moreover, birth rates are declining and single-person households in particular are booming. Each of these developments marks a different aspect of the (supposed) unwillingness of individuals to commit themselves to such stable and long-lasting bonds as marriage and parenthood.

The Netherlands show about the same demographic pattern as most European countries, with the difference that the movements are slightly more pronounced. After World War II in the initial decades fertility remained relatively high and the post-war baby-boom was greater and lasted longer than anywhere else. But the subsequent drop in the fertility rates - plunging from over 3 in 1960 to less than 1.5 in 1980 - also was unprecedented⁵. The mean ages of marriage and first birth went up and the number of fourth and following children went down: the Netherlands became champion in this respect with a mean age of first birth of 29, rising to 30 for mothers. There also was a steep rise in the illegitimacy rates, going up to about one out of three children at the moment (most of them born in consensual unions). There has been also a rise in the percentage of women that remain childless, at present about 20, half of it caused by involuntary childlessness. And of course the divorce rate boomed after the law that prohibited it was changed: after an initial peak in which one out of three marriages was dissolved the rate is now approximately one out of four marriages ending in divorce.

As a result of these developments only one out of three households in the Netherlands at present is a family household in the traditional sense: that is consisting of a father, a mother and children. The number of singles has

greatly increased: also one out of three households consists of a single person.

In short, the Netherlands seem to be one of the most clear cut examples for declining family values and families as 'cornerstones of society' both in the demographic and psychological sense. Diversity of living arrangements (with singles as one of the main population categories) and acceptance of alternative lifestyles seem to be the most prominent characteristics of the situation at the beginning of the 21st century. And in fact the idea that the Netherlands went through a major revolution in the sixties and seventies in the family field has been and for many still is one of the most popular convictions in the national image. In the media, for instance, it has been customary to refer to the family situation of the fifties and sixties as the 'Sprout-period', sprouts being the symbol for the traditional way of life in Dutch families: the men and the children coming home from work and school could from a distance smell the distinguished odour of over-cooked sprouts. The 'dull' vegetable served with cooked potatoes became a symbol for the traditional family with men, women and children in fixed roles dictated by the rules of male dominance and common decency. Against this dreary image, the revolution of the sixties was seen by most as liberating and leading to an exciting new world of changing relationships with men and women on an equal footing.

The key word for the change became *individualisation*: it was not the family with its ties and obligations that was seen as the basic unit of society, but the individual. In general, contrary to the adherents of 'family values' such as Poppenoe, the majority of the population believed individualisation to be a positive development. But of course there also was conservative criticism of these developments: in their view individualisation was a matter of egoism, leading to citizens not willing to take on social or family responsibility and in the end to the 'atomisation' of society as a whole.

2.3 The modern life course

Starting in the early nineties a number of family researchers in the Netherlands however challenged the hypothesis of family decline as being based on a *double* myth. In an article in 1991, for instance, Van den Akker, Cuyvers and de Hoog challenged both the 'myth of the individualisation' and the 'myth of the individualism=egoism doctrine'. Their criticism was translated into a joint programme of the *Netherlands Family Council* and the *Central Statistics Office*,⁶ in which the available data were transformed into life course data.⁷

Essentially, the new program showed that behind the figures in the paragraph above in fact another process was hidden, called the '*modernisation of the life course*'. Essentially this modernisation process contained the insertion of two new phases in the traditional life course. The traditional life course generally consisted of two family-based parts, the *family of birth* and the *family of choice*. People married after a period of formal engagement 'out of their home', often for lack of housing even 'in the home' and childbirth was expected within a couple of years - if not months. Old age closely followed, sometimes was even intertwined with the home-leaving process of the children: a lot of older parents depended on someone staying behind. In modern times marriage developed from the only gateway to adulthood into the formal affirmation of a personally chosen relationship between two already independent persons. These persons needed more time - and trial and error - to find the 'chosen one'but there should be no doubt about the final result.

The vast majority (over 90 %) of young people in the Netherlands state at the age of 20 that they want to have a partner-for-life⁸ and children. The phase between 15 and 25 may be called the relationship playground of modern society: there is freedom to bond - and, often, to have sex - with partners. This freedom in reality can be quite stressful: the failure rate - and it is certainly felt as such by those involved - among cohabitants is at present over fifty per cent. In the next phase, however, stability is growing: the divorce rate is fluctuating at this moment between one third and one quarter and notably the rate of dissolution for couples with children is only 15 percent. To view it from the reverse angle: 85 percent of the children in the Netherlands do not experience any change in family situation but live until they leave home with their (biological) parents and one or two siblings.

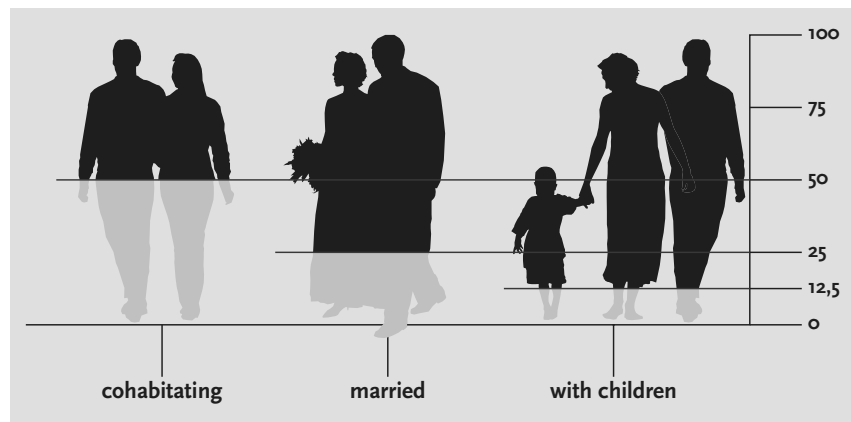


Figure 1

Divorce rates for stages in family formation in the Netherlands 2000.

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

As for the birthrate: it may be mothers down to 1.6, but this is mainly caused by the 20 percent of women remaining childless (of which half involuntarily). The average number of children for mothers is well above 2: approximately ten percent of families have one child, most have two or three children, and some still even more, as is demonstrated in figure 1.

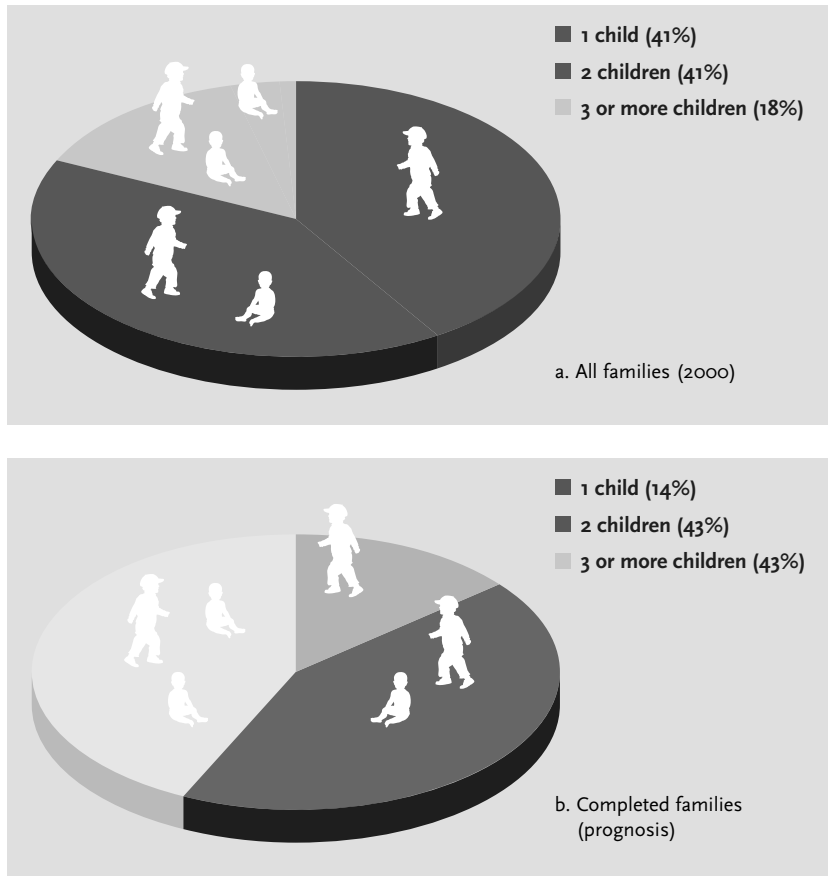


Figure 2

Family size (number of children) for all families 2000 (a) compared to prognosis for 'completed' families (b).

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

Figure 2 also gives an explanation for a quite common misunderstanding, also connected with the idea of individualism. The falling birth-rates – in the Netherlands nowadays 1.6 – give people without special knowledge of demography the idea that family size is declining, that there are many families with no more than one child. This seems a logical idea because the birth-rate is well below 2. Moreover, looking at the first of the pie charts in Figure 1 we see many families with not more than one child. This however is what we call a ‘snapshot’, it gives the number of children measured at a single moment in time. And at that moment lots of families with one child will have more children, or are in the phase that children have already left home. The second pie gives the life course data, that is the number of children that families will have eventually. Single child families will form a minority of less than 15 percent⁹. In fact the percentage of two children families is rather high (over 40 %) and the three child family is second with 35 %. The decline in birth-rate is a result of two developments. First there is an increase of childless women (20 percent in the Netherlands), second there is a decrease in ‘big families’ with five or more children. The *average* family still has two or three children.

The main differences in family formation compared to the past are the increasing age at first childbirth (going up to 30) and the fact that an increasing number of children is born out of wedlock. The majority of these ‘illegitimate persons’ however are born short before their parents get married. Since marriage has lost its function as gateway to adulthood, it is embarked on for two reasons. The first one is a ‘technical matter’: unwed couples face a complex and quite unromantic trail of contracting and acknowledging (fatherhood) to get the same legal status that is the corollary of marriage. The second reason, however, is probably the most important one: marriage is a strong symbolic gesture, reaffirming the mutual intention to stay together. And there should be no doubt that this is the intention of the average Dutch couple: a recent survey for instance showed a zero tolerance attitude with respect to sexual contacts with others than partners.

The demographic *result* in any case is quite stable, as can be demonstrated by looking at the division of household types during the lifecycle, presented in figure 3.

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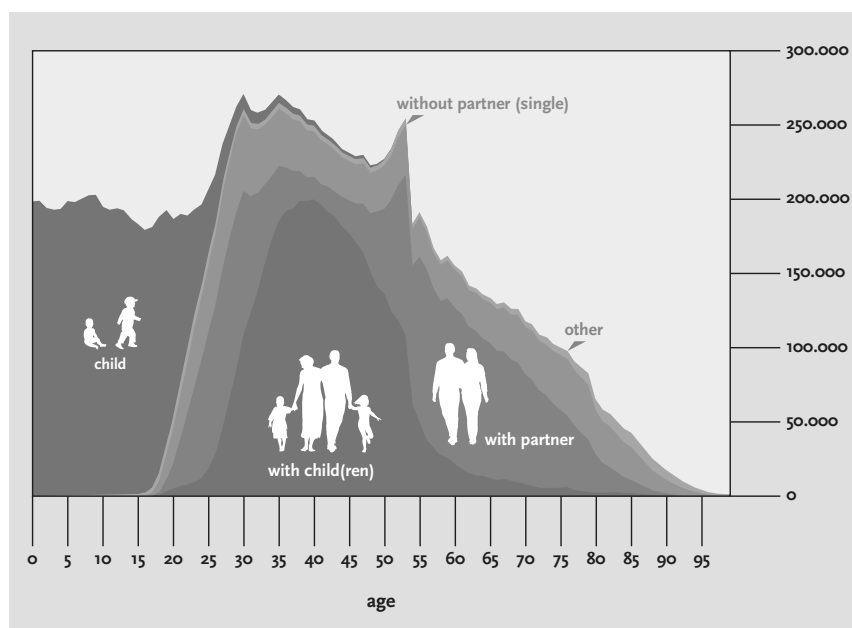


Figure 3

Household composition by age, Netherlands 2000.

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

Figure 3 shows that at age 30 the diversity (the 'playground') is over and for the next decades the vast majority of the population lives in the married-with-children type. (For similar graphs for other EU-countries see the end of this chapter and the appendix). Of course, it should be noted that the position of an individual does not necessarily have to remain stable, but as was previously noted, the instability rate for the married-with-children type is only about 15 percent. Vice-versa most singles and single parent families transform themselves quickly into a family: less than 25 percent of them remain single (parents) for more than five years. The figure also demonstrates that the booming rates of singles, often prominent in the press, simply give a wrong image of the real situation. It is quite correct to state that singles almost have a majority of the *households* and vice versa that families with children at present are a minority. But figure 3 shows that first in terms of *persons* instead of households, singles are a minority, and second that this minority is concentrated at the beginning and end of the lifecycle. Figure 4 gives an explanation for the common misunderstandings of the declining position of families.

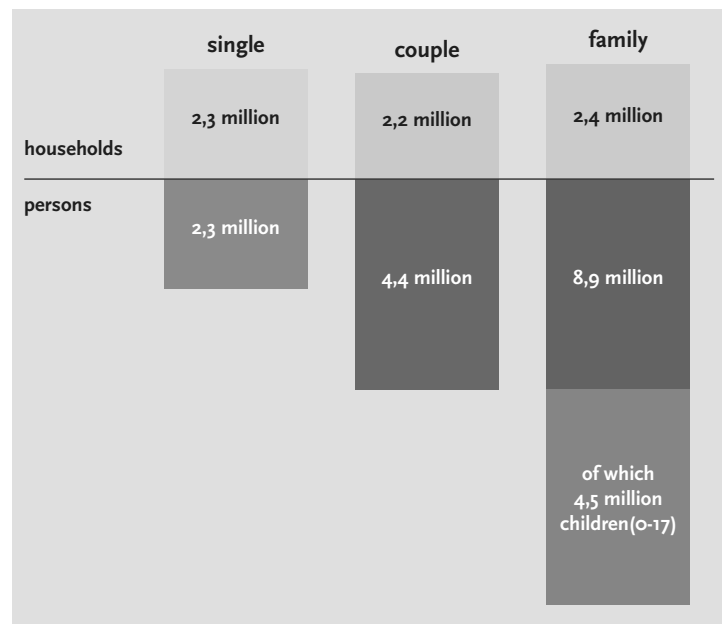


Figure 4

Comparison of number of households (single, couple, family) with persons living in these households (adults 18+, children)

At the top of the figure we see an almost equal number of single person and family households, at the bottom we see that family households still contain the majority of the population. A very important point is the development in the number of *couples* (without children).

This is an issue that is 'masked' by the fact that usually *marriage* is used as the key factor in the comparisons between household types. The modern life course however demonstrates that *partnership, marriage and parenthood are not the 'trias' they used to be, but are becoming separate moments in the life cycle.*

Therefore it is useful to distinguish between these three, with partnership (cohabitation) and parenthood (family formation in the 'real sense') as most important moments to distinguish (new) phases in the life course. Figure 3 shows clearly that the distribution of these types of households over the life course is uneven. Singles and couples concentrate at later ages: they simply are a result of the fact that first children leave the parental home, and second that the average life course is longer and that therefore couples stay together for a long time before one of them dies and a single person household is 'created'. In the following paragraph the consequences of modern phasing or 'segmentation' will be discussed.

2.4 Segmentation of the life course.

In the debate on family decline participants tend to treat societal development as a whole: they distinguish between or rather juxtapose against each other the traditional -social or boring- individual on the one hand and the modern, versatile or egocentric (atomised) citizen on the other hand. The category often used to distinguish groups of individuals is the 'generation', supposed to consist of individuals sharing a number of common experiences and orientations.

From the perspective of other (than sociological) disciplines such as psychology and pedagogy an important aspect of human existence is overlooked in this view: *human individuals do develop in many ways during their life cycle.*

Firstly, of course, physically and mentally from helpless babies into adults, but humans also develop as social beings in communication with others, such as parents and partners. Development entails a number of 'transitions', some of which, like walking and talking, develop automatically, some of which may or may not happen. Research shows that transitions in living arrangements may effect someone's opinions, as is shown in figure 5.

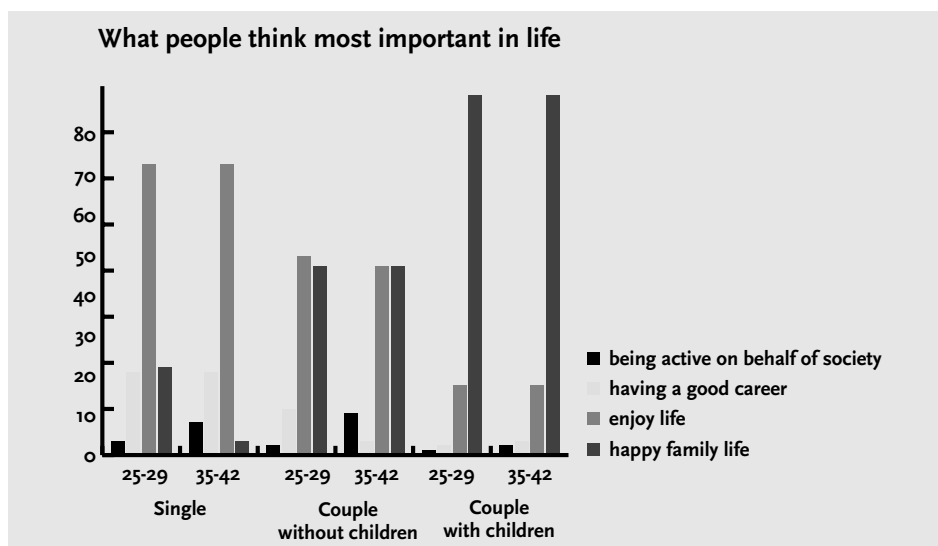


Figure 5
 Comparison of opinions for different ages and living arrangements.
 Source: Central Statistics Office, Fertility Survey 1993, specifications by Netherlands Family Council.

The point to stress is that the change in attitude from a self-oriented perspective to a family-oriented perspective is not caused by age: the scores for singles or couples do not change when they get older. Further, it is quite clear that change is gradual, because couples hold the exact middle between singles and parents, again irrespective of age. It might be argued of course that people tend to adapt their attitude to their situation, and, in the case of couples, to their expected future as parents, but the point to be made has nothing to do with causality but only with the existence of phases *within* the life-cycle.

It should be stressed that phasing of the lifecycle in itself is a very natural and even quite necessary thing. Transitions in personal capacities, cultural orientations and structural conditions make up the very essence of life. All cultures up till now knew the distinction between juniors and seniors as one of the driving forces of society. As Shaw put it: anyone under a certain age who is not a revolutionary has no heart, anyone over a certain age who still is a revolutionary is a fool. And in all cultures, there has been a tendency for the old to criticise the young for being disobedient, and the young to criticise the old for being inflexible and conservative. The question to be asked is whether the greater complexity of the lifecycle as compared to the previous period *has affected the checks and balances between the generations*.

One cannot but fail to notice, however, that growing old has become one of the most dreaded and undesirable things in modern western culture. As a paradox, the preconditions of a long and relatively prosperous old age period have never been better: the average citizen may count on more than ten years of relative good health and relatively good income after retirement without having to work for it. But Plato's hailing of the old age as the phase in which (finally) the joys of the mind were no longer hampered by the physical needs and urges of the previous periods, would hardly get any adherents nowadays.

The same seems to go for parenthood, at least not in the classical sense for fatherhood and motherhood: having the responsibilities 'a man should take', or the natural experiences 'a women should have'. Modern parenthood is presented as the 'consumption of luck' brought by the perfect baby with the perfect smile in the perfect clothing. In sum and overall there seems to be a strong cultural pressure backing images of youth and success, dividing society in winners and losers. With the media showing us height after height, success story after success story, one is almost compelled to think that anyone without his first million, or at least a lease car after 30 years of age is lagging behind.

(new) Stages in the lifecourse*Infant*

Infants of course totally depend on the way of life and functioning of their families, so there is no dispute about their family-orientation.

Junior

The junior-phase stands for the period of restricted and symbolic participation in society. Generally it starts at about 16 years of age, when in most countries first stages of 'legal adulthood' are reached, such as driving licences or the possibility of signing purchasing contracts without parental consent. Modern western societies are characterised by a lengthy junior phase, since the majority of the young people stay in education for quite a long time and therefore need to be maintained by their parents or by other types of funding such as scholarships.

Young adults (dinky)

This phase is quite recent and is the direct consequence of the changing of the life course as described in paragraph one. This 'freedom phase' encompasses the average five to ten years of complete independence, also at the economic level, before having to bear the classical responsibilities for partners and/or children. (In the Netherlands and other northern countries most young adults have their own households, in the south they tend to still live with their parents).

Family

The family phase does not need a lot of explaining, and is characterised by a clear milestone: the birth of the first child. This birth is, of course, in most cases planned: most youngsters and couples when interviewed state that they want to have children and 80 percent of the women are successful in this respect. So sooner or later for the majority of citizens the moment has come that scarcity enters their way of life.

Seniors (goldie)

This phase is becoming rapidly the real golden age of the lifecycle: the period of gainful employment at the height of the (often male) career, supported by the 'comeback' of a lot of women on the labour market

Old age

Finally the phase of aging encompasses the period after being pensioned and as a result of increasing health in fact for most men and (especially) women beginning even later.

A simple look at statistics however in the Netherlands – and anywhere else in Western societies - shows that only a handful have the million at 30 and that less than three percent of the couples for instance are able to fulfil the yuppie-image, both having a well-paid job. The vast majority of the population of course simply works for a living instead of having a career, does not look like a Spice Girl or Back Street Boy at all, does not have a chance at the Olympics or at Wall Street. In a society proclaiming ‘unlimited possibilities’ for everyone and associating someone’s position very strongly with his or her own personal capacities, this might be a bit of a problem for the average guy or girl with their own ‘self-image’.

In sum it is quite clear that the phases of *juniora* and especially of course *liberia* have been gaining in what we might call ‘cultural dominance’ or even ‘cultural hegemony’. This also, of course, is one of the important issues in the decline-of-the-family-story with which we started this chapter: the alleged tendency to favour short term personal success and consumption above long term tedious investment in tasks that are supposed to have a more intrinsic value. As was discussed in the previous paragraphs, it is a serious question whether there is indeed such an egoistic and individualistic tendency in the population at large.

But there can be little doubt about the *image* that is prevailing. The plain and simple fact is that some phases in the modern life cycle correspond better to these images than others, and that the family and senior phases certainly lack any kind of attraction from this perspective.

These cultural developments are, of course, common to all EU countries, being part of the ‘western world’ and being highly influenced by the modern mass media. The issue to be stressed is that the developments sketched in the paragraphs above are *complex*. The assumptions that family developments are ‘bad’ *and* that these developments are caused by massive egocentric attitudes *both* seem to be questionable. On the one hand, the modern life course ‘preserves’ an important and highly valued family phase for most people; on the other hand cultural developments also have strong ‘external elements’: the driving forces of consumer societies are at least partly to be found in the ‘created’ world of the media and advertising. In the next paragraph we will shift the attention to another issue, that of ‘material differences’ between phases in the life-course. That is, to the development of the *purchasing power* in different phases of the life cycle.

2.5 Material differences between phases in the life-course

As for the material differences between phases in the lifecycle, in the previous paragraph it was already mentioned as one of the major characteristics of the family phase that consumption was low. Or at least relatively low, compared to other phases. Figure 6 demonstrates that in fact the modern family phase is trapped in between the two new phases where people live as a couple without children and where spending power is quite high.

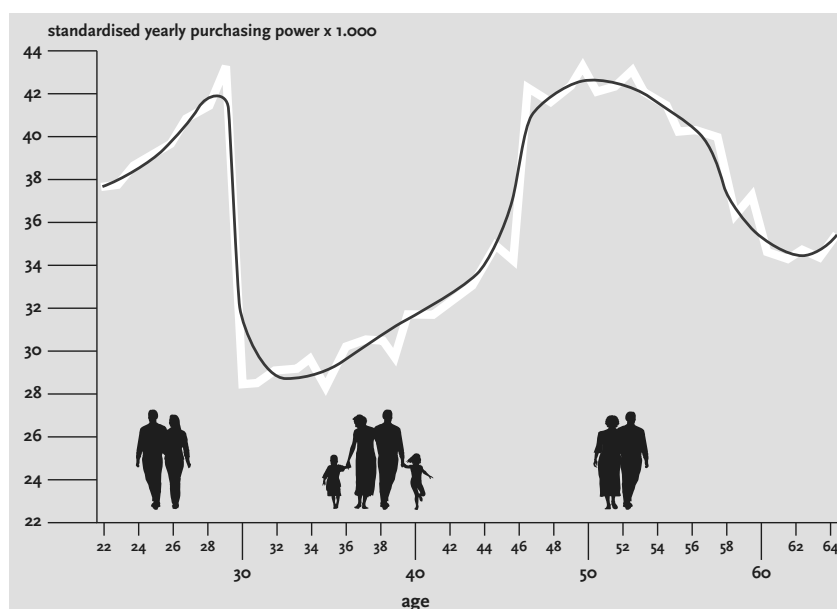


Figure 6

Life cycle changes in purchasing power.

Mean standardised yearly purchasing power index for most frequent household category during the life cycle (age 22-29 couples, age 30-46 families, from age 47 couples).

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

This roller coaster ride of course in itself is not the most surprising thing and in itself not enough to speak of segmentation. Earlier, when most couples married out of the family home, it was also a known fact that the first family years were not the easiest ones. In the next figure, however, it is demonstrated that the roller coaster ride has become somewhat 'steeper and deeper' as a consequence of the *difference in welfare growth* between the different phases.

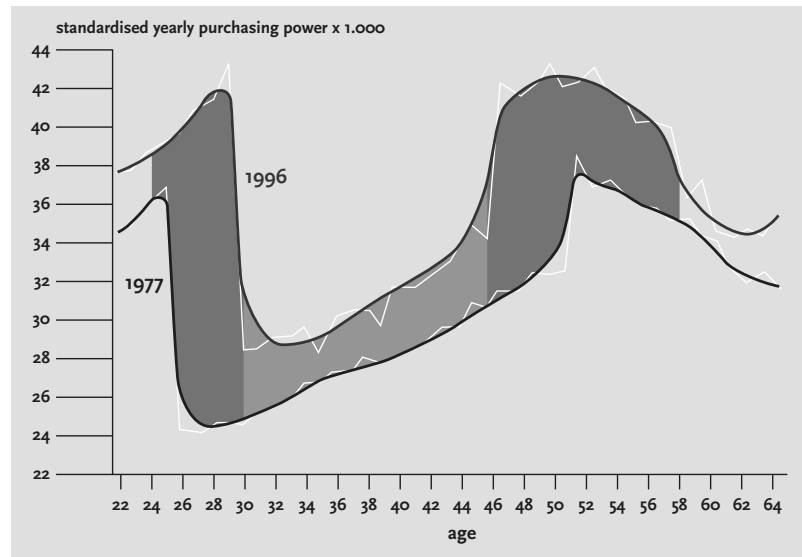


Figure 7

Comparison of life cycle purchasing power for household categories 1977 compared to 1966.

Mean standardised yearly purchasing power index for most frequent household category during the life cycle (age 22-29 couples, age 30-46 families, from age 47 couples).

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

The data are from the *Income Panel Survey* from the *Central Statistics Office* in the Netherlands, based on the official tax registration. They give for each individual at age 20 to 65 the most likely (average of modus living arrangement) income position. At age 25 most individuals live in couples without children or as singles, at age 40 three-quarters live in a family and at age 55, 80 percent live again in a couple without children. In comparison with 20 years earlier, the family phase on the whole is 8-10 years shorter. Figure 7 shows that the moderate rise (corrected for inflation) in the family phase gives a sharp contrast with the booming figures in the *childless* phases. What has happened of course is that the combination of absence of children and gainful employment of women gave childless couples a far better 'competing' position. So what we see is not a position in which families are losing ground in an absolute sense but in a *relative* sense: compared to families in the seventies they have gained purchasing power, but they are in no way able to compete with couples without children.

Winners and losers...at the same time

Summarising the developments in the life course at least in the Netherlands seem to produce 'winners' and 'losers'. But we have to take into account that the differences are differences between *the same people at different ages or stages in the life course*. Young people have gained in independence, purchasing power and status at the same time. They have access to the things that were reserved for adults (consumption of luxury goods, sex) far before they have to take on the responsibilities that used to be attached to these prerogatives (such as having to pay your own living expenses or to support children). Young couples in particular before starting a family enjoy unprecedented wealth. This situation changes rather dramatically when they become parents. Their purchasing power goes down and at the same time they have to spend almost an extra working week in taking care of their children. As shown in figure 8, this caring time is mostly brought up by mothers¹⁰.

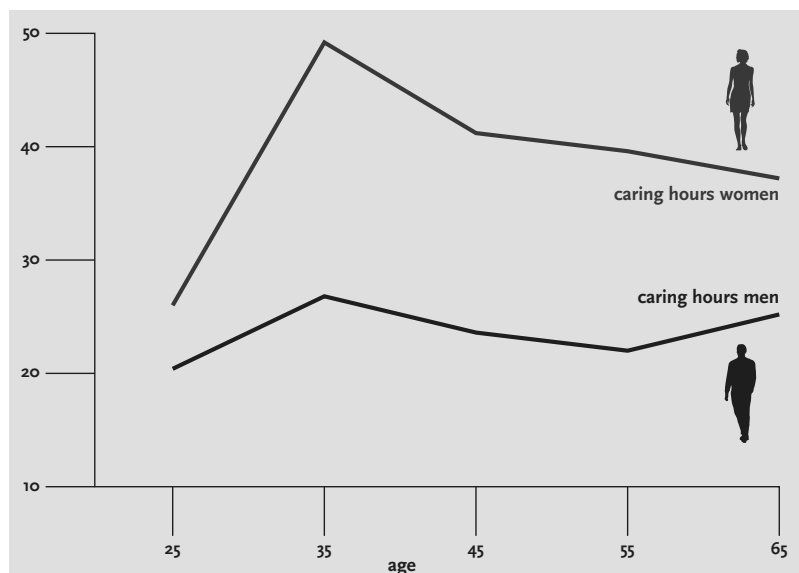


Figure 8

Hours spent on care for age and sex, Netherlands 2000.

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

Figure 8 also shows that later on of course the amount of care time becomes less for both partners. And when the children have left the parental home, a new phase of relative wealth starts for the senior couples¹¹. It should be noted that the vast majority of these senior couples are *not* burdened by having to pay for their children's higher education and a

lot of them have houses that are already paid for. Also, women take up working again. In sum, this is the group of people that are having a lot of short vacations during the year (in the 'cheap seasons') and contribute to the increase in the number of golf courses everywhere. To avoid oversimplification it should be noticed, of course, that the situation of individuals differs dramatically: there are a lot of elderly people living on very poor pensions also. But in general both the health and the purchasing power of senior couples have increased sharply in the past decades. And since the baby boomers are about to enter this phase, their number will increase strongly in the coming decades as can be seen in figure 9.

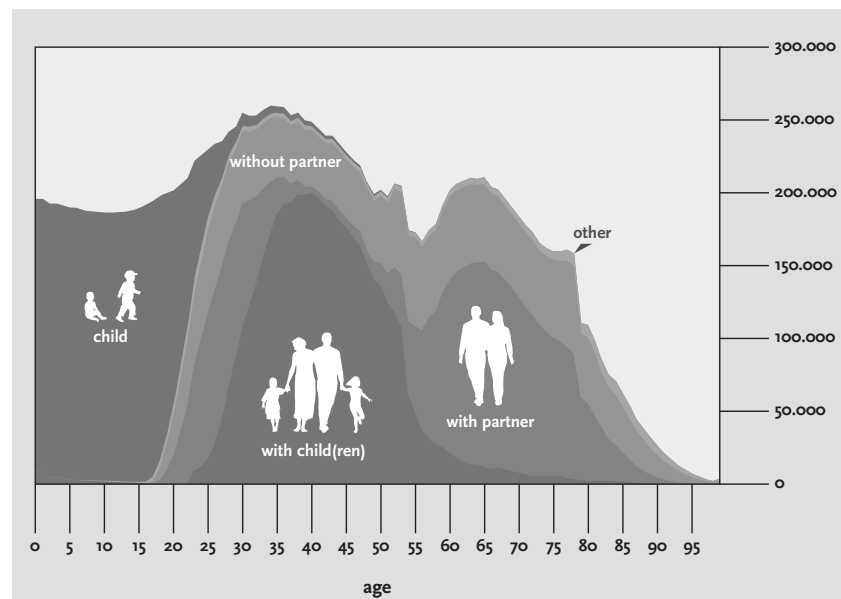


Figure 9

Household composition for age, Netherlands prognosis 2025.

Source: Family, Images and Reality. National Family Report 2001, Netherlands Family Council

The balance between winners and losers – or better: between winning and losing phases – is linked to the issue of *generations* in two ways. Firstly, of course, the differences in stages represent differences in birth cohorts: we are talking about people in their twenties and early thirties having high incomes, people in their late thirties, forties and fifties having to carry the burden for the *next generation*. And caring for the next generation will cost time and money that you cannot spend on yourself. The data show that there is a *growing difference* between these phases¹². And this difference of course has its *effects*. Recent research in the Netherlands and other EU coun-

tries showed, for instance, that the postponement – and abstinence – of births partly is caused by the long ‘negotiation trail’ preceding parenthood. In fact no less than five decisions are to be made:

1. Is a (suitable) partner available?
2. When (at what stage of the relationship) do we start living together/formalize the relation by way of official engagement etc?
3. Is this partner (really) the one I want to create a family with?
4. If so, does my partner have the same wish?

If so, is my partner willing and ready to take such tasks in caring as will allow enough room for my wishes and ambitions?

Each one of these decisions will take time and may lead to postponement of family formation. And since in the Netherlands the provisions for the combination of work and care are quite bad, this affects the future life course of a lot of couples. Some of them remain childless, but the vast majority ‘end up’ in a rather traditional division of tasks¹³: both solutions being not what they would wish for themselves *and* not being what would be best for society in general. Since there is both a (in certain market-segments) labour shortage at this moment and a greying society, women are, in fact, more or less expected to do two things at the same time: *to participate in the labour market and give birth to the next generation at the same time*. This at least is the goal of the official policy in the Netherlands, focussed mainly at increasing the number of childcare facilities.

In the next chapter we will go into the developments in the labour market further, also from the perspective of the life course. In the final paragraph of this chapter we will present the results of a project finished very recently. The European Commission has asked the Netherlands Family Council to ‘reproduce’ the analysis on life course income and household development for all EU countries, including the qualitative study on ‘partner-interaction’ concerning family formation. This study entails an in depth interview with both partners (first separately, then together) on their communication and interaction on becoming parents (or not).

Over 300 couples were interviewed in 8 countries and the results confirmed the increasing difficulties for (young) parents (to be) in a number of different ways. In all countries parents reported on the social support system as being (very) inadequate. As a consequence the *internal negotiations* were very difficult – though most of the time implicit! – and resulted in a situation that may best be described for a very large part of the women as *both underemployment and underfertility*. Most mothers did want to participate in the labour market – even if this was not urgent from an income perspective – but clearly gave priority to the wellbeing of children and the whole of the family. This made their negotiation

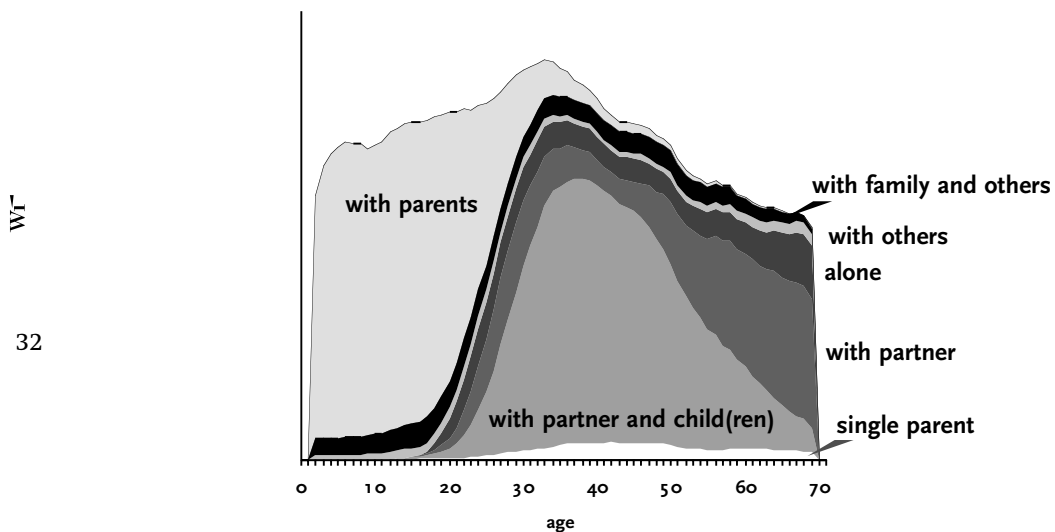
position towards their partners quite impossible. Too much pressure on their childwish could harm the quality of the partner relationship, too much pressure on the labour participation could postpone children even further.¹⁴

2.6 European data: similarities and differences.

The qualitative results on the perception of young parents were supported by the three 'indicators' developed for the situation of families in EU-countries. In Appendix A the graphs for all countries are to be found, in this paragraph we will use examples from different countries.

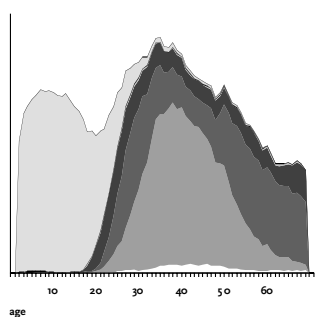
The first indicator is the development of household type. In figure 10 we can see that the overall pattern is similar for all EU countries.

Households Europe 1996

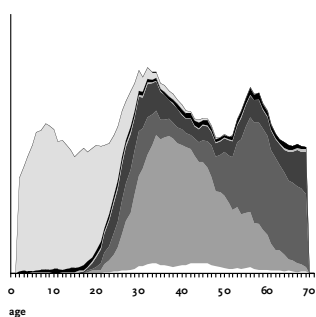


Essentially, the middle stage of the life course is strongly dominated by (nuclear) families with children. The only difference is that in the southern countries (Greece, Italy Spain, partly also Austria) there are more three-generation-families. And, of course, there are clear differences in the ages at which the family phase ends and the number of couples without children linked to this difference.

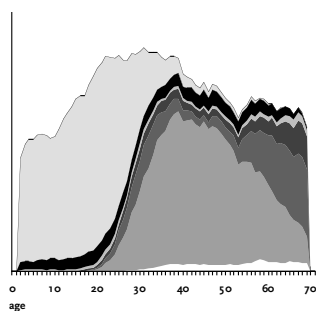
Households Netherlands



Households Germany



Households Italy



Households Austria

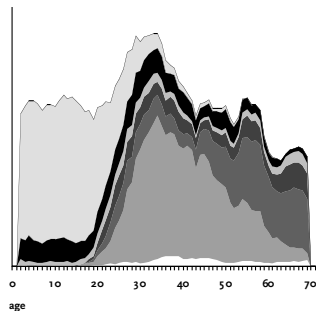


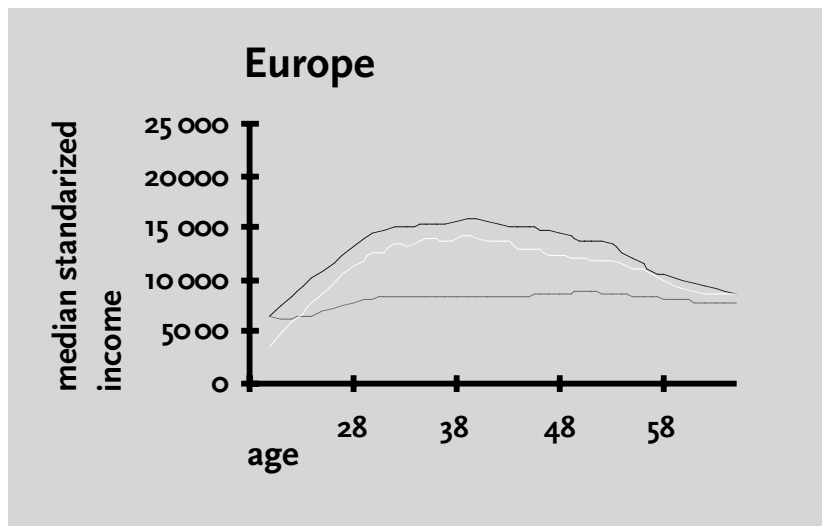
Figure 10

Household composition by age for selected EU-countries 1996.

Source: European Community Household Panel, to be published
(see footnote 14)

The second indicator is the difference between purchasing power of different household types: families with children, couples and singles. Again we see a quite similar pattern in all EU countries: the purchasing power of families is always the lowest, the purchasing power of couples the highest with the situation of singles in between. The strong differences in the incomes of singles in different life phases are caused by the difference in their positions: at a younger age a lot of them are students, at a later age a lot of them are divorced.

Income Curves 3 Household Types 1996



W1

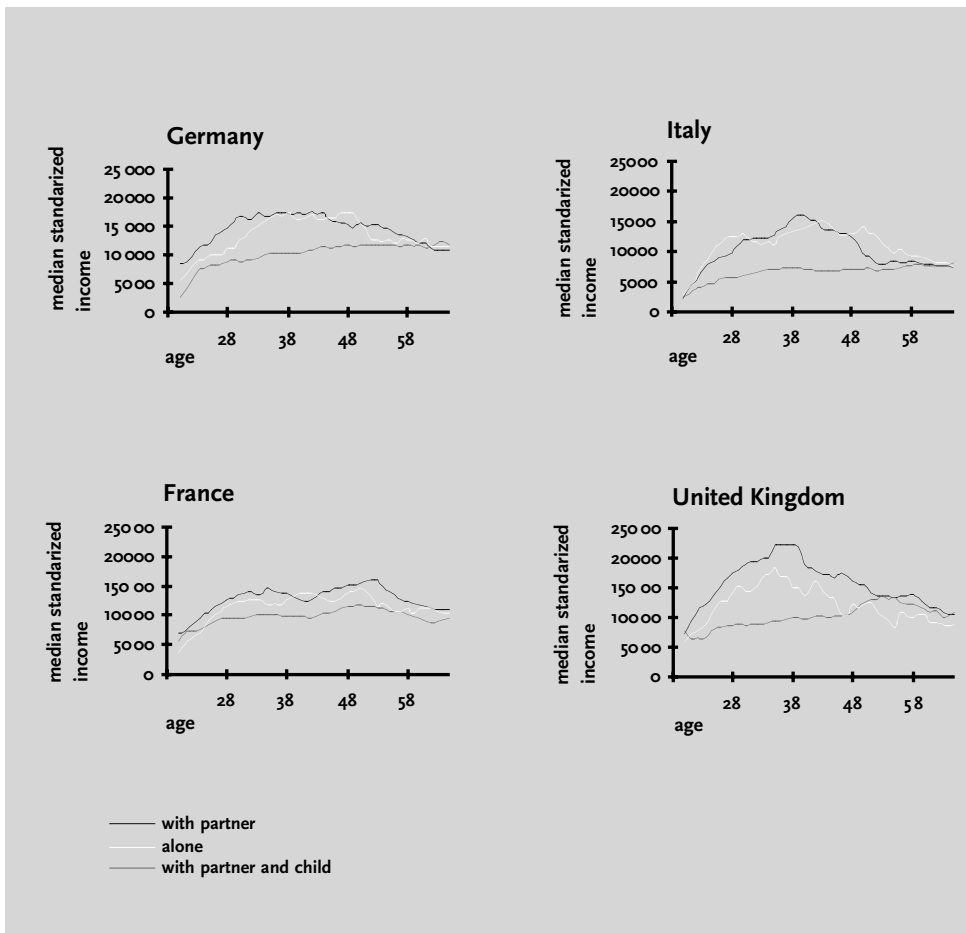
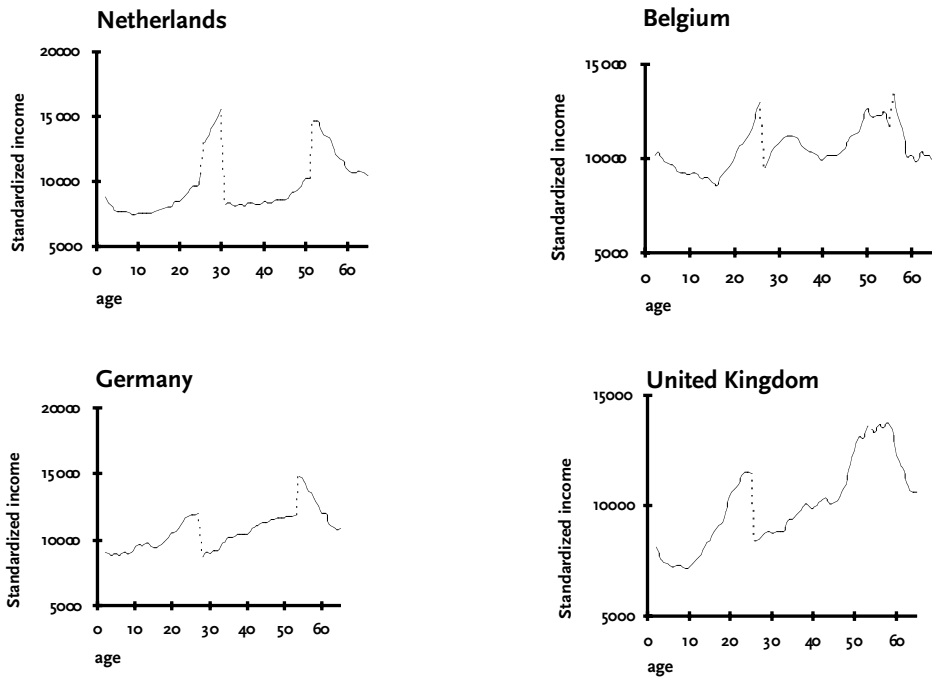


Figure 11
 Purchasing power of household types (family, couple, single) by age.
 Source: European Community Household Panel, to be published
 (see footnote 14)

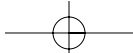
Figure 12: comparison EU countries.

In figure 12 finally the data on household composition and income are combined in a life course graph. For each country the graph shows the average purchasing power of the dominant type of household for all ages. In phases where the dominance shifts (from couples to families and vice versa¹⁵) this is indicated in the graphs with dotted lines.

Life Phase Income Curves 1996



W1
36



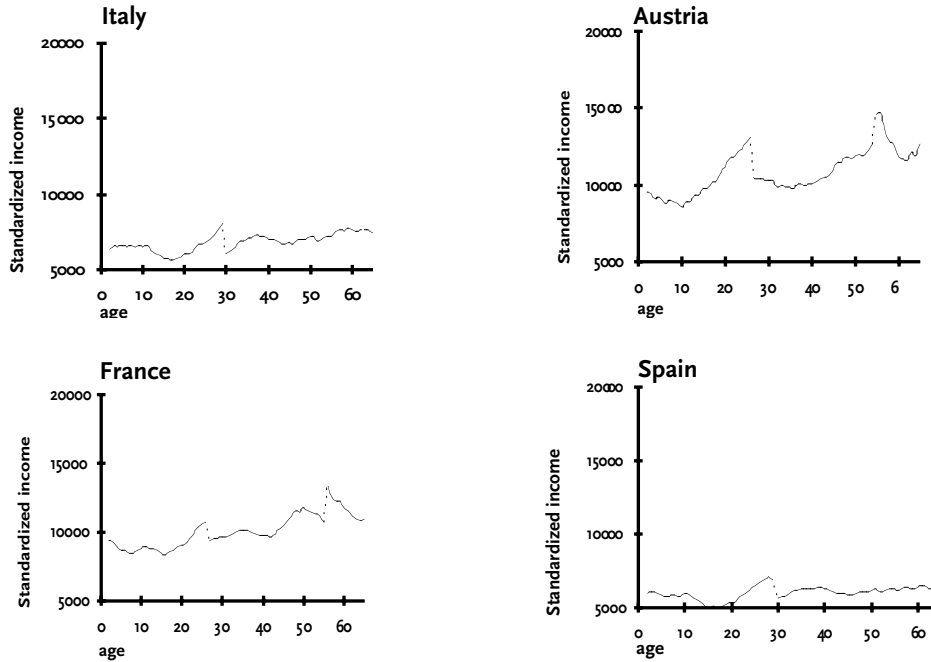


Figure 12

Life cycle changes in purchasing power.

Source: European Community Household Panel, to be published

It is clear from these data that the emerging *pattern* is identical but a lot more strong in the northern countries. This difference may be explained by a number of factors. In southern countries for instance children leave the parental home at a very late age, marry out of the parental home and only have a small number of children, thus having a far less strong transition between life course phases (in fact still having the more traditional pattern with the exception of the small number of children). It is highly probable that the northern pattern would be more characteristic for specific urban regions in the south also. But in general we are able to see a rather clear pattern similar to the Dutch one in a lot of EU-countries: the family phase is becoming 'over pressurised' and 'under supported'.

Chapter 3

*Christian-democratic
approach*

3.1 Giving meaning and responsibility...

In France a survey was once held about the degree to which people found their lives satisfying. The results pointed out that 89% of those questioned were of the opinion that mankind needed 'something' to live for. If necessary, 61% would be prepared to even give their lives for this, should it ever come to that. The Viennese psychiatrist Viktor Frankl – who had actually faced that last question during World War II with his Jewish background – repeated the survey amongst the staff of his clinic with the same outcome.¹⁶

The life of people acquires sense and meaning in mutual relations and in relations that make an appeal to her or him from the outside. A life that is aimed at the maximisation of self-expression, at satisfying one's own needs, thus does not satisfy. People do not give meaning to their life if they live in splendid isolation: it gets meaning in the combined action and relationship with others that make a claim to care and dedication, such as children, weak people, colleagues, such as the organisation one works for. The Samaritan who cared for the man that was mugged on the way to Jericho expanded charity because the wounded man on the side of the road made an appeal to him. He could turn down this appeal, close his eyes to it or ignore it. He could also respond to it and in it, rise above himself and morally grow. This happens in interaction with the surroundings.

In the words of Frankl: values do not come from within. They rather come from the outside. They do not drive mankind, but pull it. 'When I state that mankind is pulled by values, I explicitly want to point out that this is continually coupled with freedom, namely the freedom of a man to accept or reject an offer'. Whoever rejects this offer and is focused on himself, does not grow in his life, does not become mature. In a social, moral and spiritual sense, life will then remain faulty.

Frankl's view of mankind is not narrow, but is typical for the Jewish-Christian thinking. It has led to a *personalistic* view of mankind. It has also led to a specific vision on the organisation of society: do not unnecessarily take responsibility away from people, but create room for people to allow them to give an interpretation on responsibility and involvement for their various institutions and relations. If this does not happen, then society restricts their functioning. In the end this is stultifying and leads to societal apathy. The Jewish-Christian thinking has also led to another vision on mankind than that of the calculating citizen.

3.2 ... instead of calculating and scheming

“... The calculating man of science, the rational striver for maximum benefit is in social respects a stranger, or even a lunatic...”

‘The calculating man’ that Van de Donk presents in this quotation, has along the way become an established figure: the calculating citizen, who is continuously busy calculating from what he can achieve the most benefit. We can agree or disagree with Van de Donk about the question whether this calculating figure would in social respects be crazy or strange: after all, in a society in which the majority of the people calculate, he who unselfishly helps others would seem the crazy one that apparently comes from another planet. However, he who starts with this question overlooks the most interesting piece of text. It is about the calculating citizen of science, therefore not about the ‘real citizen’ but about an image constructed by the ‘scholars of society’.

In reality, these people could after all never form a society: every social and moral order is based upon the capacity of people to think and act ‘above themselves’, to act in the interest of others or even in the interest of the future people in general and of the future generations of people. In the past centuries – in the interest of science – strange and disturbing things have been claimed about that unique characteristic of people to act ‘above themselves’. Also the natural care between generations has not seldom – usually implicitly – been declared as something old-fashioned. Or even as a sort of myth: in the past people after all did this out of a sort of self-interest, because if you did not take good care of (preferably many) children, there was nobody to look after your old day.¹⁷

Such reasoning predominantly takes place in science: the rational and calculating citizen as a model for behaviour that, reasoned to its ultimate consequences, functions as an ideal type. An ideal type to which the scientist can then again mirror reality, in order to arrive at a deeper understanding.

In political and policy circles, reference is also made to the calculating citizen, but then usually in a disapproving sense. Policy does however often oversee the fact that people live together with others and take care of others. This notion has been overlooked too much in the current policy. People are a part of communities and relations in a dynamic manner. A policy that oversees this is not geared to the perception of people, to their actual ambitions and questions and their desire to mean something for the other. This blind spot for example avenges itself because politics overly passes by the

specific problems that people face in the different phases of their life course.

3.3 Values that lie enclosed in relationships in all their diversity

Values thus lie enclosed in the relations that people enter into as an appeal. Nature, the forests, rivers, the flora and fauna ask to be maintained. Nature must be developed and cultivated. The social life encompasses other claims, asks for reciprocity and for effort. The claims are very diverse here. On the work floor, in trade etc. they have a different nature than in a school, in court, a ministry or in a home or family. One speaks of a *qualitative diversity* in society, which is rather enforcing. Raising a child asks for the involvement and love that especially parents can give. Family relations have an extra dimension if there is sorrow to deal with and if there are setbacks. Having a company be run by a department from a ministry is asking for trouble. In a court it comes down to other qualities than in a clinic where people receive psychiatric help. A judge must show distance and objectivity, should not identify with the suspect, however pitiful this suspect may sometimes be. A social worker should however do this in a certain sense. Paid work calls for other qualities than caring. In short, human relations cannot be categorised under one heading. The demands that are made of people are diverse. *Spread responsibility* means that the government should do what it can to do justice to people in their diverse responsibilities; that families are not caught in a trap, that there is room for companies to get along in a world that makes high demands to their competitive abilities; that schools in their turn are sufficiently equipped to make a significant educational contribution in a knowledge society. Exactly a vital society thus meets the demands that lie enclosed within a personal view of mankind: responsibilities are as much as possible assigned to people themselves.

This also applies to the mutual *solidarity* between people. The government should not organise this away, make it a governmental privilege or let it commercialise. It must encourage reciprocity by at least maintaining the public space in which people can stand up for each other. It can and must also actively create preconditions and encourage solidarity by creating social insurance for risks that cannot be insured (old age and health care) and by making demands to the (minimum) wage and to private insurance's against risks of the loss of income. Society can continue building on this basis, for example in the form of supplementary income insurance's, pensions, etc. at the level of a branch of industry and of individual insurance's.

3.4 ... and a role for the government.

The government must therefore guarantee a floor in existence by – dependent on the situation – stating limiting conditions or if absolutely necessary by taking care of certain things itself (for example in the form of aid). The government thus creates a safety net for the moment when mutual solidarity does not suffice (subsidiarity). Nobody is allowed to fall beneath a floor in the existence: being a shield for the weaker is an expensive duty of the government. It must also ensure that in the social intercourse important institutions for people do not get into trouble. Nobody is served by a society in which making money is the only thing that counts, in which work and corporations greedily absorb all free time and there is hardly any space for relaxation, for a decent family life. Nobody is served by a society in which people cannot broadly develop themselves or not – if people want to and feel called to do so – be active in a number of important societal areas: labour, care, education, in the cultural area etc. (The flipside of this duty of the government to provide care consists of obligatory education until the founding professional level, hereby including immigrants.)

The Christian social thinking has, through the labour movement, through efforts of employers and their organisations and through politics, for a large part been decisive for the organisation and course of the system. Self organisation and self care were thereby the motto, with an important subsidiary and legal security guaranteeing role for the government.¹⁸ Christian-Democracy (in the Netherlands) has thereby strived to design the system of social insurance's and provisions in such a way that:

- the government lays the basis for income security through a legal (social or otherwise employee) insurance. A second pillar consists of collective supplementary insurance's at the level of companies and branches of industry. The government facilitates the (free) establishment of it and ensures that private agreements are binding, in order to prevent *free ridership*. A third pillar can consist of individual regulations. The government can also facilitate these, for example in a fiscal manner. Security, individual responsibility and flexibility can thus be combined.
- regulations actually link up to the development in society, to changed relations in roles and to modern forms of the combination of activities that are of elementary meaning for people and for society (work and care, work, but also studying in a knowledge society in which skills and insights are obsolete after approximately seven years etc.) and which assume the individual responsibility of people for their availability on the labour market.

Against the background of the above it becomes clear why the Scientific Institute for the CDA has in the recent past already stated that:

- the meaning of the family for society must be honoured. This institute, as a place where upbringing takes place and where people can fall back on unconditional affection, is a source of social and human capital.
- a life course policy is necessary for the benefit of the generation of older people and seniors in our society. While on the one hand they invest a great deal of time and energy in their job, on the other hand there is a lot of flexibility on the labour market, whereby the job in which so much has been invested can be jeopardised. This sometimes gives a lot of tension and uncertainty. Furthermore, older employees also have to deal with relatively higher salaries and with the fact that investing in education for these people is expensive. Investments by the employer pay back less because the individual will retire after several years. This report pleads for more possibilities to interrupt the career temporarily, for the ability to enjoy education, for the adjustment of working hours and for a mean salary arrangement in the area of pensions.

Especially these two topics and the Christian-Democratic approach that has been sketched will return in this report.

Chapter 4

*Tailor made work
for the generations?*

4.1 Introduction

In this chapter the modern life course will be placed in the perspective of the (transitional) labour market. It will be argued that many countries are dealing with problems of connection on that labour market. With some there is a shortage of the labour force, while there is at the same time a significant inactive part of the working population. Other countries cope with a high rate of unemployment, while on some market segments there are also quite a lot of vacancies. After these frictions have been explored, we will elaborate on the concept of the transitional labour market (par. 4.1 – 4.2). Subsequently, more specific possibilities and restrictions for ‘positive transitions’ (work interruption for the benefit of raising children, care and schooling) will be reviewed (par. 4.3). After this an examination will take place of the possibilities and restrictions that exist to get inactive people on the labour market again (par. 4.4). With these issues, organisational political issues eventually play an important role: where does the centre for considerations lie: with the government, the market or the employers and workers in the consultations on terms of employment or with the individual citizen? Paragraph 4.5 will pay attention to this question.

Frictions on the labour market

The frictions on the labour market are not only of a *quantitative* nature but also of a *qualitative* one. Qualitative in the sense that:

- it is highly questionable whether the ‘*right*’ categories of people in our socio-economic system can be motivated to perform paid work. Upholding the welfare state demands premiums and taxed income. The upholding of well-being demands economic growth. For this reason the government and society have an interest in labour participation. The smaller the stimuli to perform paid work for a) the part of the labour population that is dependent on social security benefits and for b) older employees are, the more the pressure comes to lie with c) younger generations (the family phase). The financial stimulus to perform paid work is by definition reasonably large among them, because they are at the beginning of their career, they are still at the bottom of the income structure and children are expensive. Exactly these people however have to deal with growing pupils that ask for time, attention and for financial investments. With them the stimulus might thus also be a little less. If so desired, they should be able to spend more time on the raising of children. This and other things also imply that:
- people in a certain sense are stimulated to perform paid work at the wrong moments in their life course.

Needs and claims of the social security system and of the educational order do not, seen in this manner, match with the modern life course of people and with the societal importance that must be attributed to parenthood. Parents are under pressure of the combination stress, while of those older – who actually have more time to perform paid work – sometimes only some tens of percentages are paid active. In addition to this, those working have to come up with taxes and premiums for those inactive. In itself this is nothing other than an honourable expression of solidarity, at least in as far as the legal social systems do not facilitate inactivity and with it social exclusion or especially not abuse. If this does happen, this means that the burdens are unequally carried by too limited a group of people professionally active.

Seen this way, a policy is needed that can connect the policy concerning the labour market, concerning education (with a view to a greater labour participation of the seniors) and concerning social security (with a view to the participation of those inactive) to the demands that different phases of life make on people.

Below the developments in the welfare state are discussed from two perspectives:

- the development from a breadwinner's system to a more or less individualised system and
- the developments in the distribution of responsibility between government, social partners and individual employees.

In the chapters following this, a view through is given per phase of life of the linking problems surrounding the labour market, to subsequently end in proposals for a life course insurance.

4.2 Towards a transitional labour market: perspective on durable work

A broad labour market and wage restraint ensured economic growth

The economic growth of the past years can, for the most successful countries, for a very large part be explained by the rather large *surplus of labour* that was present in many countries of the EU. As this surplus labour was called on more, the gross national product grew, the number of social security benefits decreased and there was in principle room for wage restraint. What is noticeable is especially the growth of the labour participation of women.

With a large supply of working people there is in general less upward pressure on the wages. The *wage increase* was for a long time *moderate*. In countries in which the government returned income that exceeded expectations or saved social security benefits through tax relief to the employees and companies, on balance both the *room for investment* of companies as well as the *room for consumption* of employees increased and wage demands could remain moderate. A formula for success became visible: the government is reorganising its finances and is providing general tax reduction. This tax reduction translates into a moderate wage development, into a strengthened competitive position, more employment and with it less social security benefits and savings on the collective expenditures, which can result in tax reduction etc. A precondition for this tendency is however that a) there is a large supply of labour and b) that the stimuli to get to work for those that are inactive are sufficiently large.

Sub a)

If the labour market is tight, tax reduction can boost the economy without there being sufficient workers. The government policy will then obtain a pro-cyclical nature with all the related wage soaring effects. (This wage development was in turn difficult to keep up for the collectively financed services such as care, with as a result: labour shortages with important service institutions.) This situation presented itself in the Netherlands in the years 2000 and 2001. In Ireland and the United Kingdom a similar development could be observed.

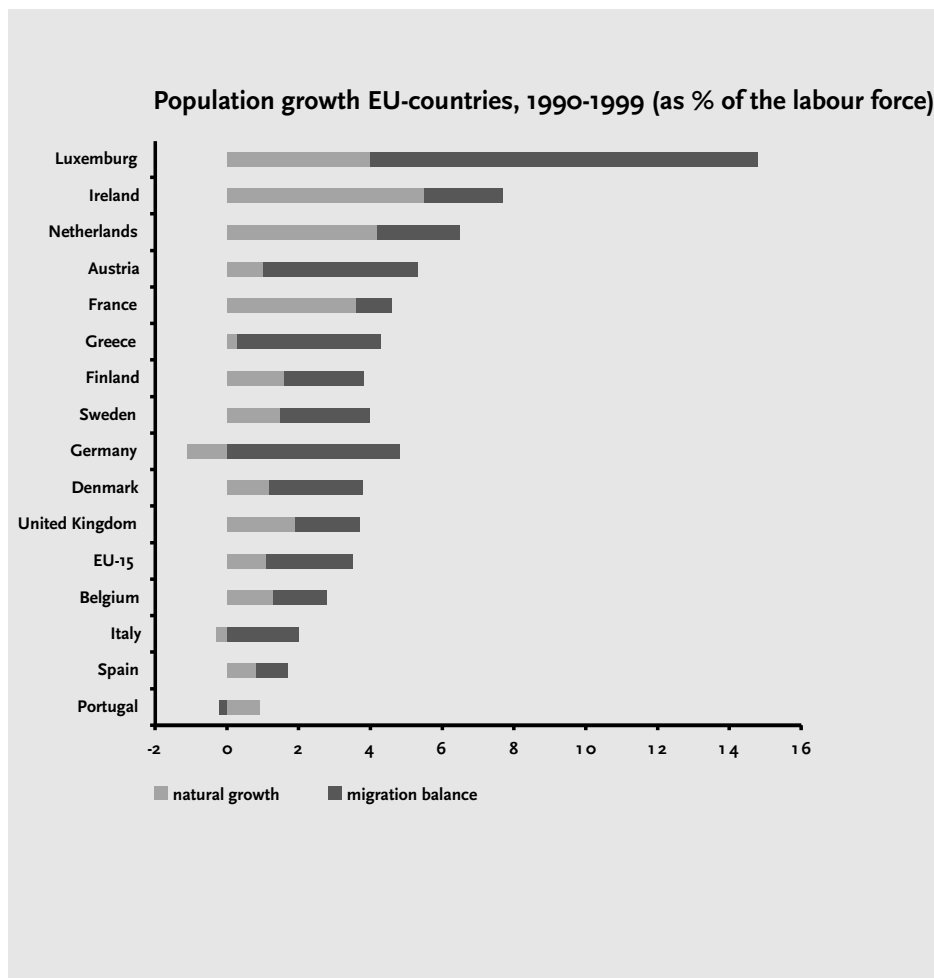
Sub b)

If the stimuli to exchange a social security benefit for paid work are too little then this will avenge itself with the supply of labour. The stimuli to make an effort are small and shortages on (segments of) markets can be created. Furthermore the social security contributions and the burdens of taxation will be disproportionately large: the social security benefits must after all be paid. The distance between social security benefits, supplemented with subsidies and forms of special assistance on the one hand and the wage on the other hand, is so small that there is too little stimulus to accept paid work. Here also lies a source for illegal work (in Germany for example it concerns 16.5% of the Gross National Product or approximately 220 billion Euros). For employers in their turn it sometimes hardly pays to hire people, because the costs are not in proportion to the labour productivity of people. In other words, there is both a tight labour market as well as a large unused potential of workers: the result of the observed qualitative linking problems on the labour market.

Results of linking problems on the labour market

The badly functioning labour market has a wage soaring effect. Suitable employees are scarce. On a tight labour market institutions compete with each other in the battle for the scarce employee. Shortages of personnel in amongst others care and education can then easily come to exist: they harm the quality of the social services. Working pressure can furthermore lead to excessive stress, to absence through illness and to disablement.

Exactly in the coming decades these problems can intensify. On the one hand the demographic changes will carry extra costs with them.



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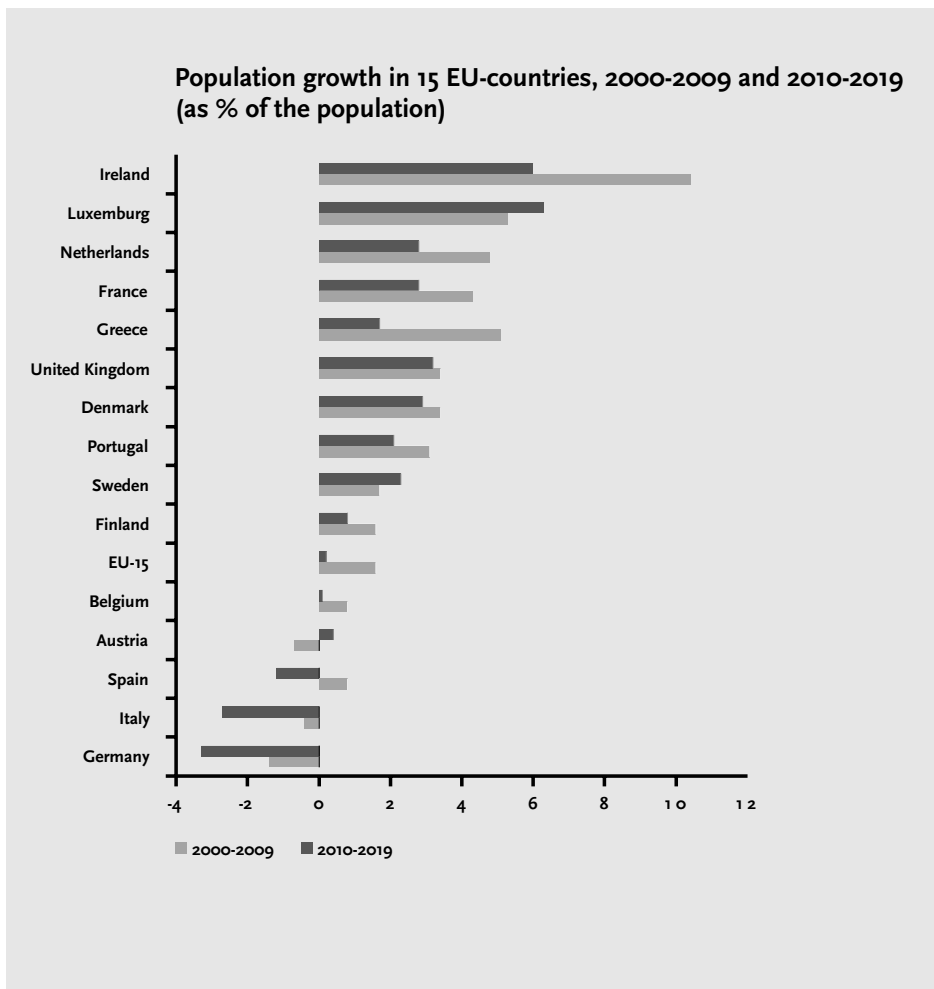


Figure 13. Source: Demos, volume 17 June 2001.

On the other hand more personnel will be necessary, while the supply of labour is decreasing.

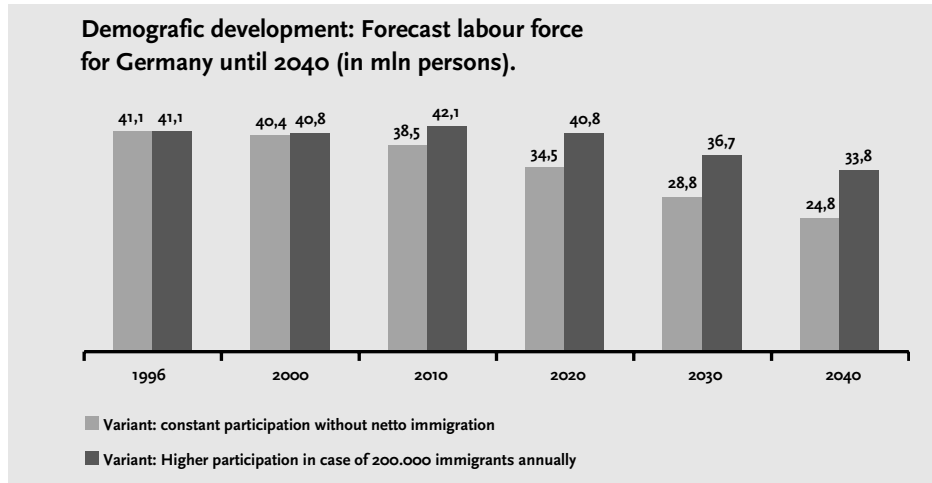


Figure 14 . Source: Fuchs/Thon, IAB Kurzbericht Number 4, 1999

This can lead to extra labour costs and with it damage the competitive position of Europe. The extra labour costs are related to the tight labour-market.

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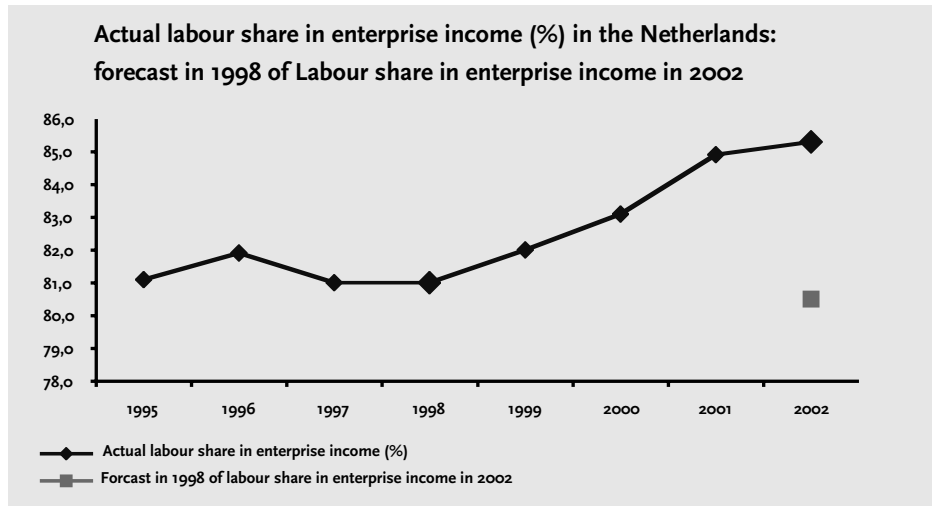


Figure 15. Source: see figure 14

The forecast in 1998 reflects the lack of awareness that too much stimulating the economy with lower taxes in a period of labour shortage can lead to higher in stead of lower wages.

Secondly, more taxes and premiums will have to be produced (in an ageing society). To produce these (extra) premiums, these must be able to be spread over a large number of workers: the supporting basis must in other words be broadened. With that policy, a link must be made to the modern life course of people.

- In the *family phase* arrangements are necessary that make the combination of paid work and care tasks possible and that are able to prevent the excessive stress and working pressure in the rush hour of life.
- At the same time the dynamic labour market demands a more permanent schooling, such that *older employees* remain committed for a longer time to the labour market, can switch jobs on time, do not get stuck in a worn-out job and thus remain *productive*.
- In the area of social security it applies that on the one hand the risks of the loss of income must be taken care of. Especially in a dynamic and flexible labour market this is of importance.¹⁹ On the other hand, the regulations must stimulate the *inactive part of the working population* more to participate.

...on a more company and institution transcending level, supported by a national politics

An important barrier that thereby needs to be overcome is that of the micro-rationality and of the short-term interests: at a first glance it might seem rational to offer fewer opportunities to employees that want to work fewer hours or part time. This after all requires coordination. There are more overhead costs.

It can also seem rational to defer the investment in schooling for the somewhat older employees or to abandon it, because the yield in terms of remaining labour time and reward level are not in balance with the yield with the younger employees.

From a macro-economic perspective however this all leads to insufficient use of human capital and to high collective burdens. After all, if people that choose for part time work have to sustain a break in their career, this will in sum mean that many people will go to work below their level. Whoever only invests in the schooling of the younger or of *high potentials* is acting in a short-sighted manner macro-economically seen.²⁰

The costs will in the end return to the individual companies anyway (micro-level) through premiums and tax obligations.

It can also seem rational on the short term to stimulate as many as possible men and women to choose for a career instead of for children. On the short term the labour participation will then increase. On the medium long term this will all lead to an uneven composition of the population.

A new labour market and schooling policy will need to be aligned to the modern life course and to the necessity of reflexive learning. The concept of the transitional labour market offers clues for this.

Basic assumption: the concept of the transitional labour market.

It has been observed that Europe does not score formidably when it comes to the so-called transition on the labour market. Families are under pressure of the combination stress. For schooling, time and money is especially reserved for the benefit of the younger generations and the *high potentials*, with as a result the early resignation of older employees. Unemployment is too often followed (especially in the second half of the career) by a long period of inactivity. There is often too little room for 'positive transitions' for the benefit of upbringing, care and learning. In the family phase this avenges itself in the form of a care peak (combination stress) and of a financial family dip. With the older employee it avenges itself in the form of obsolete knowledge and skills and early resignation. Furthermore: the lack of possibilities for positive transitions often returns later as a boomerang, namely in the form of 'negative' transitions. One can thereby especially think of unemployment and early resignation, but also of disablement. The transition back to the labour market in its turn also has many obstructions. *In other words, the labour market has severe qualitative shortcomings in a transitional respect.*

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The transitions that Schmid distinguishes in a transitional labour market are those between:

- part time and fulltime employment;
- unemployment and labour;
- schooling and paid work;
- care and paid work and
- labour and retirement.

The concept of the transitional labour market wants to be a sort of European alternative for the liberal American model of the labour market. In the USA it is primarily the *price stimuli* in the wage base determination that provides a balance on the labour market. A low level of social security, scarcely paid jobs at the lower end of the wage scale, wage flexibility and the market mechanism are paired with a moderate wage development and a high level of employment. The alternative approach that Schmid is search-

ing for in the labour market runs much more through *volume flexibility*. In Europe, the social security system is much more generous, the wages are more stable and the salaries at the lower end of the wage scale are at a structurally higher level. This certainly does not automatically lead to less prosperity and to a lower Gross National Product per head of the population. It does lead to a more equal distribution, but the flipside of it is the adjustment problems on the labour market: a long-term dependency on social services. (Table 2 p. 30).

Defendants of a transitional labour market search for flexibility of the labour market in volume flexibility: a flexible buffer of labour supply that expands and contracts in accordance with the demand of the labour market. Such volume flexibility must keep the labour market in balance. It thereby concerns more than absorbing *cyclical* fluctuations through for example temporary work, overtime, temporary labour etc. On the contrary, the concept has the ambition to re-evaluate the labour market *structurally* by making periods of transition fruitful by means of schooling, sabbatical leaves, etc.

Muffels has listed the most important assumptions of the concept.²¹

1. Labour markets have to deal with changes and developments to which employees have to respond. Examples are rapid changes in the effective demand or for example technological changes, demographic developments, social risks such as unemployment, etc.
2. Labour markets are not product markets *pur sang*, but social institutions. The adjustment capacity is limited: wages are not only an allocation mechanism, but also have a social function: on the basis of the income, ways of living come into being, life expectations etc. Social insurance's and the law relating to dismissal aim to guard against fluctuations that are too large. This quells possibilities for wage flexibility. Adjustment of working hours can be an alternative strategy. This consequently does presuppose stimuli in the income arrangements to provide for one's own income as much and as quickly as possible.
3. Periods of unemployment can be made fruitful. The free time can be used for volunteer work, schooling, care tasks, etc.
4. Every person is exposed to critical life-determining events: a sick child, unemployment, sickness etc. What is crucial is the question whether these events are dealt with properly. Transitional labour markets standardise and institutionalise the answers to these critical events.

The current transitions are no longer structured along the lines of the classical life course with its traditional breakdown into:

- education,
- work and subsequently
- free time as a result of resignation or by:
- the classical role patterns between man and woman (work and care).

With the activities (learning, working, care, upbringing), one can gradually speak more of *simultaneity* than of *succession*. The time spent on the various activities is spread more evenly across the career and across the life course of both men as well as women.

If the policy concerning the labour market, social security, schooling and education does not connect to this, problems will arise. What was pointed out was a) the *family dip* with its combination stress for working parents, b) no *investments in human capital* because of the inadequate schooling with as a result badly maintained competencies and c) (too) *long-lasting inactivity* in the form of non-availability (mothers who keep a distance from the labour market after the upbringing phase), unemployment, early resignation, disablement etc.

As said, this qualitative mismatch (the lack of positive transition possibilities and a great deal of inactivity in the form of unemployment and disablement) leads to the fact that the pressure to generate premiums and taxes comes to lie much too one-sidedly on the shoulders of those working from the generation of 25-50 years. This is exactly also the period during which these people often have to combine working, caring and upbringing. As said, this can lead to family stress, to burnout with parents (and disablement), to the postponement of having children and possibly even to a lower birth rate and with it a demography that is not in balance.

A transitional labour market meets these concerns by

- a. making activities such as caring and upbringing better possible besides work in terms of time and money (to counteract the family dip),
- b. making work of lifelong learning (to counteract early retirement) and by
- c. developing an active labour market policy to counteract inactivity and unemployment.

Economically seen such a policy will bear its fruit. After all, if more people are active on the labour market and there are furthermore large savings because the number of social security benefits is reduced, the prosperity

will increase. A long term commitment of men and women to the labour market during the life course furthermore means that the investment in schooling yields a better return, that the productivity and with it the prosperity will increase. The pressure on the labour market with its wage inflating effects will equally be less.

Socially seen such a transitional labour market policy will also ensure that there is more room for combining activities, that transitions are less often paired with fracture areas, that the pressure on the family phase will gradually decrease and people are not 'written off' too early.

4.3 Possibilities and obstructions for transitions

4.3.1. Care and labour

About breadwinners...

With the construction of social security systems, the focus was on the basic assumption that men should be able to support a family on their income. The system of social insurance's was hung up on the male breadwinner philosophy. Taxes and premiums were levied on the wage of the breadwinner and from this the social security benefits were paid to support those who could not take care of an own income: women, children and the elderly. Women and children were co-financed through a system of breadwinner provisions, varying from lower taxes for families to free co-insurance for health care and pensions. The basis for the system was laid by the breadwinner wage.

... followed by processes of individualisation and emancipation that sometimes lead to...

These basic assumptions came under pressure through emancipation and individualisation (the latter in the sense of the freedom of choice of life form). The equal treatment directives that came from Europe also had a great influence on the emancipation of social security rights.

... liberation of rights and especially of duties.

In the social security, a debate arose in the seventies about the question whether the rights to social security benefits should be liberated.

The idea of the individual (economic) independence was said not to be compatible with:

- a. fiscal and social regulations that put up financial barriers for the non-earning or least earning partner (in general women) to take part in the labour process and to provide themselves a financially independent position in that way;

- b. regulations that make the claim for social security (*de jure*) dependent on the income/the capital of the partner and with;
- c. social security benefit levels that make partners *de facto* dependent on each other. The social security benefit can after all be awarded individually, but if it is so low that one cannot live on it independently then people still have to rely on each other (individualisation of claims but at such a low level that one cannot speak of economic independence).

These critics have often lead to gradual adjustments of social security and fiscal regimes. The outcomes can generally be described as follows.

1. In the area of the *social facilities* it applies that *social security benefits* are generally speaking not individualised in the *area of minimum requirements* (amongst others welfare). In other words, with the granting of the social security benefit, the incomes (and the capital) of the partner are taken into account. Individualisation in this domain of the welfare state proves in fact to be too *costly*. Furthermore, individualisation brings forth *undesirable behavioural effects* in the area of minimum requirements. If per individual benefits were to be granted that would be sufficient to live on at a minimum level, the *stacking of benefits* within a family would after all lead to the fact that nobody would have to keep themselves available for the labour market. The distance between wage and stacked benefits becomes too small, if it were not to disappear completely.
2. *The social insurance's or employee insurance's and national insurance's* on the other hand are individualised. This fits with the insurance nature of these regulations, in which the personal risk is covered. With the *collection of insurance contributions*, the presence of a partner or of children is thus not taken into account, even though there are exceptions in the Netherlands in the sense that benefit the family (the National Health Service in the Netherlands), but also in the burdening sense (the *extra child premiums* government lays on parents if they are privately insured against medical expenses).

It deserves to be mentioned that the *Bundesverfassungsgericht* in Germany (2001)²² pointed out in a judgement that with the collection of national insurance the state should take into account the presence of children as aggravating circumstances with regard to one's financial capacity. According to this highest judicial institution of Germany, the state should not only take into account children with the social arrangements that guarantee a minimum level of existence, but in the whole social security structure. It is one of the backgrounds of the debate in Germany about the way in which

family- and a policy that favours children is shaped: through child benefits, through fiscal discounts, through differentiated premiums etc.

3. In the area of *tax law* it applies that for example in the Netherlands and France but especially in Sweden, roughly speaking, the composition of the household is no longer taken into account. Other countries in the European Union²³ (still) do take into account the composition of the household. Germany for example has the so-called splitting system, whereby married couples do their tax declaration together. The tax rate that is paid on the (joint or not) income corresponds to half of the total income. The relatively small financial capacity of the single wage-earner is taken into account in this way. The flipside of this is that the partner who starts working pays a relatively large amount of taxes of the Euro's earned: this is after all added to the income of the husband or wife. (For that matter, as the tax system approaches the idea of a *flat tax*, this area of tension decreases. On the one hand the sole wage-earners and single wage-earners pay the same percentage of taxes on their joint income. On the other hand there is no fiscal discouragement to enter the labour market as partner. Proposals for a flat tax have been made by the *Scientific Institute for the CDA* in 2001.)

Amongst others the United Kingdom, Ireland and Belgium have an income tax threshold for both partners. If a person does not dispose of a sufficiently large amount to make use of this threshold, it can be transferred to the partner. This solidarity can also have labour market restrictive effects for the (in general) woman. There is in fact a large chance that the male partner can "deduct" the tax threshold at a higher rate than the less-earning woman.

A preliminary conclusion: individualisation of social security is only a part of the answer and should in any case...

The developments in social security from the breadwinner system to individualisation and more autonomy were especially prompted by considerations that had to do with the emancipation of the woman. Equal treatment guidelines from Europe also played a role. The attention has however often been too one-sidedly orientated at increasing the labour participation of women.

This one-sided emphasising of the economic independence and the advocating of individualisation of the rights to social security benefits does not do justice to the modern life course. Certainly in the family phase many parents do indeed choose to be economically dependent on each other. This

explains the financial family dip. In countries with strongly individualised fiscal and social security systems, the family dip will in general be the largest, while there is an adequate compensation through regulations that favour children and an adequate contribution in the costs of children. This family dip subsequently leads to the fact that parents see themselves obliged to combine upbringing with a paid job, even if they do not desire it (to that extent). Apart from an inadequate freedom of choice in organising one's own life this often leads to a so-called care peak and to combination stress.

The policy of the individualisation of claims has often been insufficiently paired with a *flanking family policy* in the form of a) sufficient contributions in the costs of children and b) more possibilities for people to spread time and income over the life course.

...be paired with a policy that favours children

For example in the Netherlands in the past decades the income-related child benefits have been lowered. Through an income-related child discount this is to some extent being repaired again. In other countries of the EU regulations are sometimes more ample. Germany and (as of recently especially also) Austria²⁴ have much higher amounts of child benefits. The CDU/CSU recently even pleaded to increase the amounts to about 300 Euro's per month for children up to 4 years, 150 Euros for children up to 18 years and 75 Euros for children above 18 years. This at the same time as a reduction of the possible welfare benefits that people receive.

Strategies concerning care and labour

The time that is available to people during a day, week, month or year, will be distributed differently over paid work, upbringing, schooling and relaxation per phase in the life course. Accordingly justified interests of children, those requiring care and of those involved themselves (as parent, those providing care, an employee who needs to keep his qualifications up to standards) are involved. To ensure that the process of finding a balance takes place smoothly and to ensure that time and income are available during periods of part-time work or leave of absence, a number of diverging strategies have been developed. Nyfer distinguishes four main ways – concerning care and labour – in which transitions can be financed.²⁵

In the first place this can be done through the *saving of time*. Vacation days, days as a result of shorter working hours are as it were put aside on an individual basis to be able to use them at a later time at one's own discretion and with the retention of income. This form of financing has the advan-

tages of being voluntary and providing freedom of choice. A concern is that with the switching of jobs the time saved expires, at least in as far as the new employer does not recognise similar claims and take over the old ones. For that matter, it can take years before a substantial reserve of time (and income) has been built up. The saving of time has not largely expanded yet, even where corporate labour agreements made it possible.

In the second place there is the model of *the paid leave of absence*, guaranteed through government regulations. Especially the Scandinavian countries have provided ample regulations for this. In Sweden there is for example the right to parental leave of one year with continued wage payment of 75% of the last earned income. The leave can be taken until the child is eight years old. It will be clear that such legal regulations not only strongly increase the burdens of the employers, because there is an obligation to continue paying wages. At least as important is that a) the collective nature of the regulations stimulate the use of them, even if people actually do not or have less of a need for them (if you do not participate, you are a thief of your own wallet) and that b) such a legal regulation puts the social partners out of action.

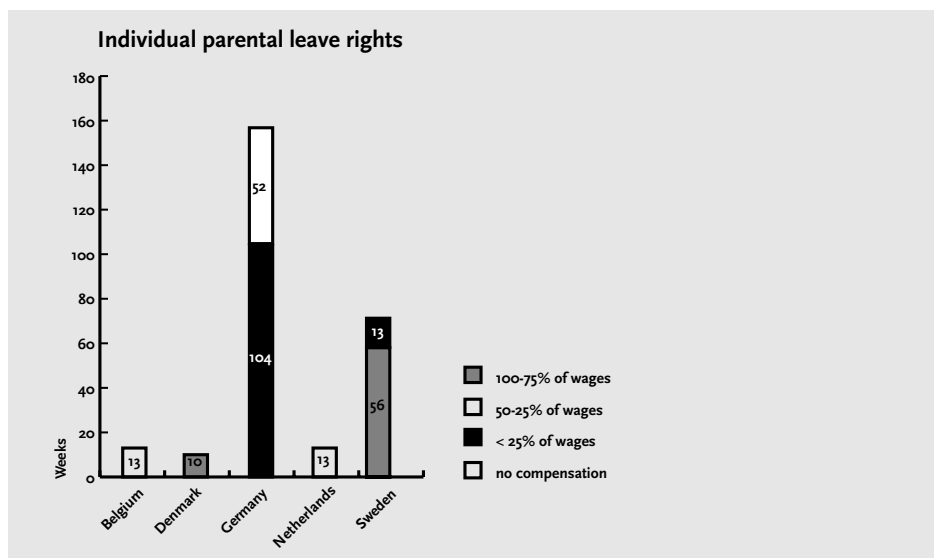


Figure 17

Source: WSI Mitteilungen 3/2002, p. 162.

In the third place there is the option of the *collective insurance of time* (time banking). Premiums are produced collectively to pay the care leave: the loss of income during these periods is (partially) covered through a life course fund. Problems lie in the area of the ability to transfer the rights that have

been built up when switching jobs. Furthermore, the solidarity of people is heavily drawn on: people without children pay a great deal for the leave of absence of their colleagues, especially if it concerns an employee insurance that is imposed by the government.

A fourth option comes down to the fact that people can (also) utilise a part of the *pension capital* that they have built up *for a leave of absence*. The advantage is that in this way time is created for a leave of absence exactly for those periods during which time is scarce. Another advantage is that people are fairly directly co-responsible for the financial buffer that is available during those leaves of absence. This promotes the sense of responsibility and will lead to a focused use of the facilities. A somewhat too generous use of the built up (pension) capital is immediately punished. Furthermore, the money will not be used for the premature departure from the labour market, because it is at the expense of the future payment of pensions.

There also are disadvantages. Linking of pension claims to the life course regulations will quickly necessitate the conversion from *defined benefit* to *defined contribution* regulations. These so-called available pension regulations are characterised by the lack of premium solidarity during the build up phase. It is not the claims that are defined, but only the premiums that which were made available that are guaranteed. The magnitude of the final pension capital is dependent on the yield of the premiums that are invested. This Anglo-Saxon pension system is certainly flexible and is at present also pleaded for in other countries of the EU. At the same time however the available premium system for pensions comes down to a cutback with regard to the guaranteed claims in the end- and mid-wage systems: the price that is paid for this life course system is a decrease of the solidarity concerning the pension build-up.

An option not mentioned by Nyfer is of course an increase of the child benefits or of income-related child discounts. These enable people with children to (temporarily) work less. In Austria and Germany it concerns large sums of money. The CDU/CSU has proposed to grant 600 Euros per month for a child up to three years, 300 Euros up to the eighteenth year and 150 Euros for children above eighteen that are studying. The amounts are *subtracted* from the social security payments of those people that are entitled to benefits (Sozialhilfe)²⁶. In Austria the amounts are of a similar magnitude. The behavioural effects of this (of course very costly redistribution in favour of families with children) are difficult to predict. The German Christian-Democrats assume that those people that are entitled to social security benefits will be stimulated to perform (more) paid work. The distance between wage and

income will after all become larger: whoever accepts paid work does not give up the child benefit but only the (low) social security benefit. Of every Euro earned one is left with relatively much. Other effects can however also occur. It cannot be ruled out that parents with a relatively low earning capacity will be satisfied with a low (or no) income and will take up a small job besides the guaranteed child benefit. From labour market political considerations this is risky: it can lead to estrangement from the labour market of one (and then generally the woman) or even both partners.

In chapter five a position will be taken in regarding the policy options. First the transitions that are involved with schooling will be reviewed.

4.3.2. *The knowledge economy and the consequences for the labour market*

The knowledge economy in Europe...

Lifelong learning is a European topic. The interest for this topic has expanded enormously. Lifelong learning is linked to labour market politics, to policy competition in a knowledge economy, to social cohesion and to the personal development of people. The importance of the subject is shown by the decisions during the European summit in the spring of 2000 in Lisbon. It was decided there that the member states will be dedicated to lifelong learning to strengthen the suitability of people for the labour market in this way and to advance the development of an economy based on knowledge.

For many countries such a strategy is not an unnecessary luxury. OECD figures sometimes show arrears as far the schooling of adults and especially of the elderly is concerned. For different reasons the ambitions must be increased.

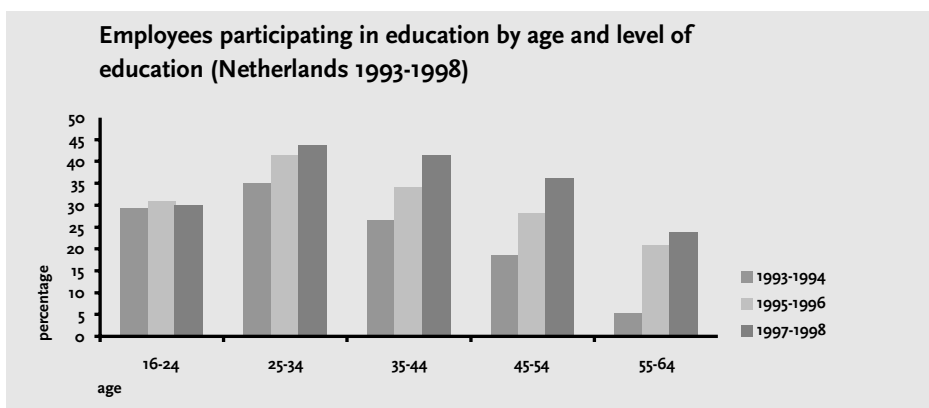


Figure 18

Source: OSA, Institute for Labour Studies, *Trendreport Labour Supply*, 1999

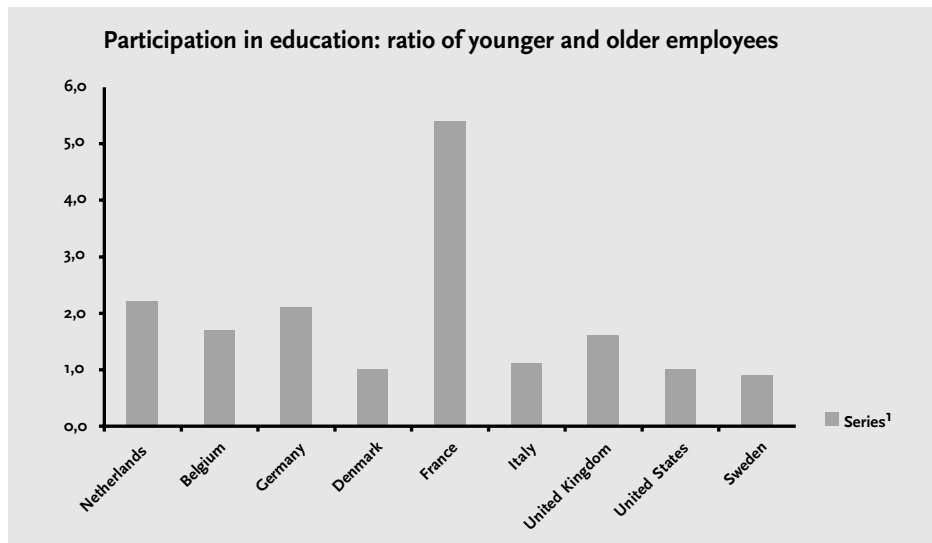


Figure 19

Source: OECD, *Economic Outlook 1999*

Expectations are that the shortage of well-educated people will strongly increase. Serious estimations assume that some tens of percentages of future generations of young people will eventually have to obtain the *bachelor* level to be able to meet the demand for higher educated people. The degree of participation often lies much lower. The intake of students from secondary education cannot meet this need. The need for people with a secondary vocational education will correspondingly increase. An increasing group of people will follow further training after the initial education and after years of working experience.

Moreover, the innovations in the knowledge economy will follow each other at a high pace. The life cycle of products and processes are becoming shorter and the demand for updated knowledge larger. Only recurrent education can meet the need for knowledge. Especially in a prosperous society the view is gaining ground that working is more than earning money and that being an employer is more than the buying of 'replaceable skills'.

The necessity to keep people positively involved in the labour market is in the meantime clearly becoming visible²⁷, especially now that the increased prosperity of seniors is often used to resign earlier. To keep these people active on the labour market, it is necessary that jobs remain challenging, that investments are made in the core competencies of people and that schooling is better reachable for employees, even if they have grown older.

In the whole of Western Europe labour capital is written off much too quickly.

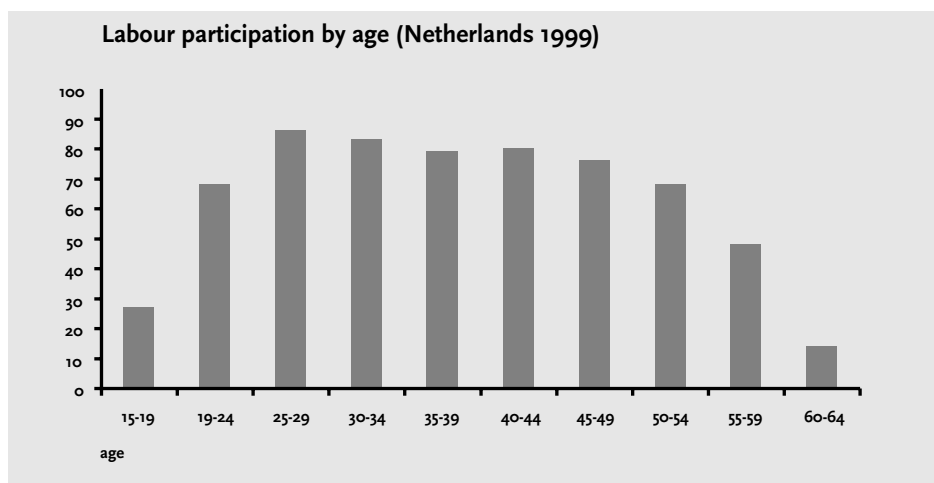


Figure 20

Source: CBS, Statistics Netherlands Labour force survey 1999.

The large amount of time that people put into their work (often much more than the official working hours) not seldom ensures that work experience and schooling become too one-sided. Generally speaking this does not make it easy to switch jobs, even if it is necessary whether hoped or unhoped-for (dismissal, reorganisations, bankruptcy). The risk of aged or one-sided knowledge is large. Especially at a later age this can largely or decisively obstruct the transition from inactivity to a paid job.

Timely and permanent investment in education is therefore necessary for the inclusion of people. They are thus also necessary for social cohesion and for the strengthening of the competitive capacity of the EU in the 'globalising' society.

...demands a strategic policy of schooling...

These changes are becoming visible in the whole of Europe. Some form of consensus is thereby taking shape along the way.

1. The determination of frameworks for lifelong learning appears to be a matter of especially employers and employees. The government bears responsibility for an educational structure that is geared towards lifelong learning, creates preconditions and formulates legal frameworks. Within these frameworks there is room for agreements and policy by the social partners.

2. The policy increasingly lays a clear accent on the personal responsibility for the position and the career on the labour market.
3. Individual learning rights (put into whatever form) count as *the* method to promote lifelong learning. They place responsibility with people themselves, ensure personal involvement and commitment and strengthen the options for one's own professional development. It is also about options that are not necessarily company specific: *selbstgesteuertes lernen* will become a theme. It has already been indicated above that this is necessary from a macro-perspective. This perspective is more than the sum of company rational considerations.

In chapter five it will become clear what regulatory specific choice the authors of this report make.

4.4 Preventing negative transitions

4.4.1. Countering unemployment and inactivity in the labour force

Employment market policy can be described as policy which is directed at achieving an optimal match between supply and demand on the labour market and within the various sectors²⁸. Policy is directed towards:

- involving more people in the employment process
- the demand for work (employment opportunities)
- the ways in which supply and demand converge (the institutional aspects)

The following models and strategies are typical in shaping policy:

The more *liberally oriented* Anglo-Saxon countries emphasise financial stimuli. Limited income protection generally means that the stimulus to work is greater. In countries with a liberal welfare state, unemployment benefits are low and protection against dismissal is limited. Low unemployment benefits stimulate people to look for work and to find a job relatively quickly. The government guarantees only a minimum level of unemployment benefit. In addition to the statutory provisions, people can take out additional insurance's against unemployment and illness²⁹.

There is also the opportunity for company-related schemes for continued payment of salary during these periods. The role of social partners is kept to a minimum, partly because the agreements on salary-related benefits (the availability, level and duration of benefits) above the statutory minimum are not obligatory for an industry branch. The keywords are rather individualisation, market forces, financial stimuli (increasing the gap between salaries

and benefits) and strengthening incentive structures.

With the *social-democratic model* the financial stimuli are weak, there is a high level of income protection and there is a pro-active employment policy on the part of the government (publicly financed jobs) to get people into work. Efforts are aimed at correcting the flexibility limitations, caused partly by a high threshold and the limited differential between salaries and benefits, by means of a pro-active employment market policy: improving training opportunities and increasing the number of work experience places and by applying stricter sanctions.

The notion that public resources can best be used productively (rather than consumptively) has in the last ten years been key for the policies of many social-democratic governments. An employment package consisting of employment intervention, specially created jobs and sanctions imposed on those who refuse to work has been the guideline, at least in conceptual terms.

The *Rhineland model* with its strong emphasis on the role of social partners and employers and employees themselves taking responsibility is common both in countries with weak financial stimuli (Germany) and in countries with moderate financial stimuli (the Netherlands. Its system of social security, employment market etc, also bears traces of the Anglo-Saxon model).

In the Rhineland model social benefits are higher than in the liberal model and the government expects more from social partners in the employment market policy. This can result in rigidity within the employment market but can also lead to wage restraint, as in the Netherlands. So-called feedback mechanisms such as joint discussions and costs of premiums which signal problems in the labour market encourage corrections. Rising premiums show very clearly the problems of unemployment and the loss of the ability to compete on the jobs market and for this reason they (can) encourage wage restraint and recovery of the competitive edge. Social partners are at liberty to include in the negotiations on employment conditions the terms for the employees' insurance's, employment opportunity policy etc. in addition to salaries. For this reason they are able to take into account the effects (on the labour market) of the choices which they make in their policies. Flanked by tri-partite negotiations (government and social partners) they seem prepared to accept wage restraints and to react quickly to economic swings.

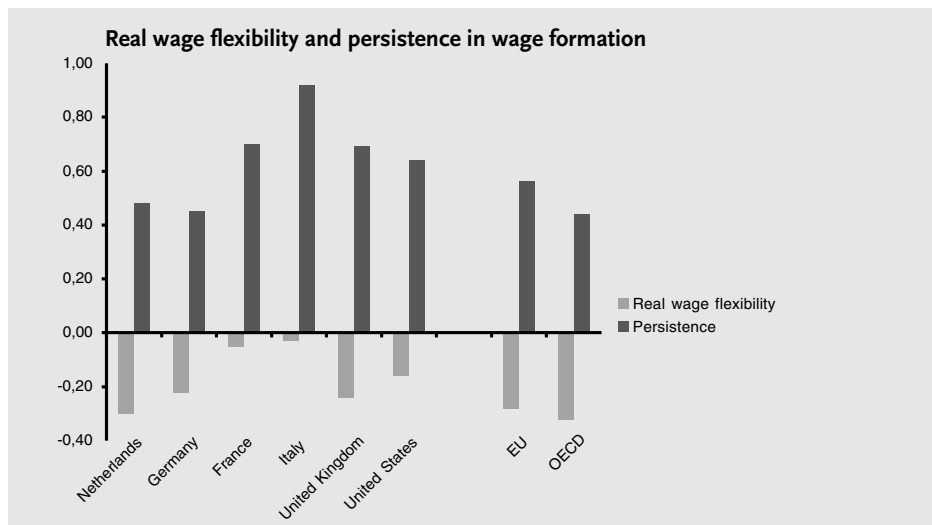


Figure 21

An absolute value for wage flexibility means a rigide labour market and a high value for persistence means that the equilibrium unemployment at short notice is highly effected by the unemployment in the last period.

Source: CPB, Netherlands Bureau for Economic Policy Analysis, Research Memorandum 157, 1999

In other words, in the negotiations on employment conditions a certain degree of trade-off takes place between dynamics and stability (security), between efficiency and equality, solidarity and personal responsibility. This dynamic form of Rhineland-philosophy thereby rejects a) a too rigorous and government-enforced *planning for competition*, which would lead to the dismantling of central negotiations between government and social partners, for example by declaring central employment agreements no longer binding (compare the liberal variant) and b) too much government influence on, for example, the level and duration of benefits, but also on the pro-active employment market policy (compare the social-democratic variant). It should be noted here that wage flexibility is increased still further where employment contracts specify that income is, in part dependent on the company performance. In periods of economic decline, salaries in the private sector are adapted to the new circumstances. This is not the case in the public sector, although in periods of strong economic growth this sector is obliged to follow salary developments. Failure to do so – particularly at times when the employment market is struggling with staff shortages – leads to staffing problems and service shortfalls. Making salaries more flexible in the public sectors (or privatising these sectors, such as care³⁰) is therefore a significant challenge.

4.4.2. *Once again the issues of responsibilities*

Responsibility-issues play an important background role in shaping the policy on transitions concerning a) countering the declining birth rate and b) lifelong learning. Where does the emphasis of the responsibility lie: a) with the *individual* who has to provide for himself the cost and time for positive transitions (bringing up children, care, education), or b) with the *social partners* who make agreements on company or sector-specific arrangements or c) with the *government* which independently provides people with entitlements and financial resources, for example in the form of care leave, vouchers, a personal education budget (even assigned already at birth) etc.

The same question arises in countering unemployment, sickness and disability. Where does the emphasis of responsibility lie: should it be left to *market* forces and the inherent financial stimuli (gap between benefits and salaries)? Or is this primarily a task for the *government* in the form of employment intervention and a pro-active employment market policy? Or should greater emphasis be placed on the individual responsibility of *people and their organisations (social partners)*?

Christian-Democratic thinking

In reality, of course, it is generally a matter of a mix of responsibilities. A mix which fits with the Rhineland model and with the concept of social security in terms of insurance's, which is typical of Christian-Democratic notions of subsidiarity. Then a system shows up in which:

- the government creates frameworks for general provisions;
- the social partners have an important role: Central Employment Agreements which are aimed at maintaining and strengthening employment opportunities, income security and education and leave;
- individuals can provide individual supplementary arrangements in a third column.

A strong tendency can be noted here towards further individualisation of employment terms and, in particular, decentralisation of the negotiations on employment conditions towards separate companies within the framework of the collective employment agreement.

Various comparative studies show that the results of the last-mentioned approach does not score worse than the more liberal approach of Anglo-saxon countries³¹, while on a social dimension scores are much better.

Not only is prosperity more evenly distributed, but in the Netherlands, for example, employment productivity during a long time was higher than in the US and the UK. The growth of GDP per head of population was greater and the growth in employment is at least as great as in the US. These economic performances (the 'poldermodel') are based on the following principles:

- an increase in the gap between benefits and wages;
- savings in the public sector and corresponding reduction of the tax burden which in turn led to
- very moderate wage development on the basis of structural negotiations and agreements between government and social partners (from the start of the eighties);
- a constructive attitude on the part of the social partners which is in particular stimulated by the broad responsibilities which they have in the form of comprehensive collective employment agreements (which are not limited to salary negotiations but also include ambitions in the area of employment opportunities, of competitive skills and employment income ratio, employment market intervention, etc).

National agreements and Collective Labour Agreements make it possible to respond quickly – and where possible anti-cyclically – to swings in the economy. The issue is then one of frameworks within which decentralised employment agreements can offer individual solutions.

There is one area in which the 'poldermodel' clearly scores less than the model of the Anglo-Saxon countries. This is in the transition from non-paid work (inactivity on the labour market) to a paid job. There is a price to pay for relatively generous unemployment benefits: a relatively high degree of (hidden) unemployment.

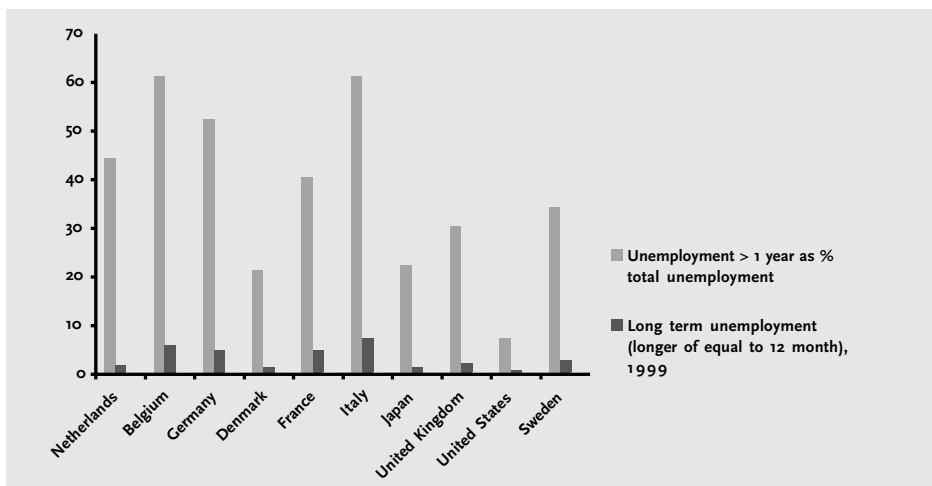


Figure 22

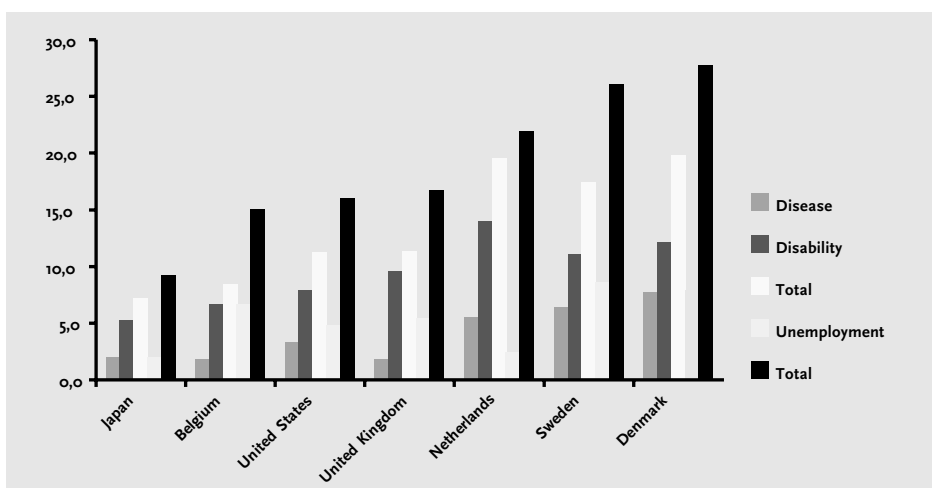


Figure 23

Nederlands Economisch Instituut, *Benefit dependency ratio's, An analysis of nine European countries, Japan and the US, Rotterdam, november 1999 and Centraal Planbureau, Central Economic Plan 2002, 2002.*

Source: OECD, *Economic Outlook 2000*

Certainly now that demographic developments are leading to an ageing society and labour force and (in some sectors) to a scarcity of skilled personnel, the result is that:

- the demands on the *professional working population* are too heavy, resulting in:
 - a. combination stress during the family phase
 - b. too little time for periods of (re)training
 - c. a relatively high level of fall-out as people age (escaping the pressure of work)
- *non-activity of al large segment* of the employment-force remains high.

The active workforce has to contend with trying to achieve maximum participation in employment in order to maintain the level of prosperity and social security (which is still dependent on tax and premium revenues) while there is a 'sleeping' group of long term unemployed. *Positive transitions which they may desire thus come under pressure. In other words, maximising employment participation combined with a tight employment market has negative effects, in terms of:*

- lower birth rate
- less time for life-long learning
- early retirement
- more absenteeism (sickness and disability)
- an inflationary forcing up of wages (competing for the scarce employee)

The concept of the transitional employment market can be a way of handling this issue, *provided that* there are sufficient stimuli for the non-active to find paid employment as quickly as possible³². *It is here in this last point that the weakness of e.g. Schmid's concept of the transitional employment market, as mentioned earlier, is to be found. A solution for this needs to be found.*

From the Christian-Democratic perspective

In particular from the Christian-Democratic perspective of spread responsibility, it is important that the transitions in the modern life course find a niche in the employment market and social security policy. A transitional employment market provides opportunities for important non-economic activities, such as care, bringing up children and education, without (temporarily) weighting the balance in favour of care and upbringing leading to exclusion from the employment market and to a prohibitive reduction in income and career opportunities. The door to employment should not be closed irrevocably. A preferable analogy would be with a revolving door through which one can enter and leave the employment market several times within ones working life.

The responsibility for income guarantees is from a Christian-Democratic perspective in the first instance an individual responsibility of people and their organisations. The government's role is to support and provide a framework. As mentioned earlier, this means:

- a. to bring consistency to the arrangement of provisions;
- b. to ensure that the provisions do not have the effect of discouraging participation in employment. There should be incentives that stimulate people to work.

The guarantees which have to be created around the critical transitions in the life course should in this concept follow the pattern recommended also by the World Bank in 1994 for retirement provisions, namely the three tier structure.

Chapter 5

*The life course system:
spreading costs and incomes
over the life course*

5.1 Introduction and main points of the proposals

In this chapter proposals will be made which meet the requirement for 'positive' transitions in the areas of bringing up children and education and at the same time encourage the transition from inactivity to paid work.

A life course insurance takes the form an (individual) savings insurance, based on a Collective Labour Agreement, for those who want to combine their own career with provisions for care and bringing up a family and with educational activities (*selbstgesteuertes lernen*). It will at the same time stimulate the transition to paid employment.

Simplification and streamlining

Life course savings make it possible to simplify the often fragmented employment-dependent arrangements. Schemes for saving for periods of leave, arrangements for early retirement, shorter working hours, peak hours, increasing working hours, holiday entitlement not taken and salary flexibility can be integrated in the life course savings scheme.

The life course scheme summarised

I. At the base (first tier)

Income and costs: basic level provision

- Statutory entitlement to provisions such as parental leave reductions and/or child reductions in the tax system, to child benefit, family income, etc.
- Statutory entitlement to government subsidies for study costs

Leave

- Legal entitlement to (paid) leave, in particular for pregnancy

III. Supplements (second tier)

Income: through supplementary income arrangements included in the employment contract

- A life course savings scheme for people from 18 to 65. This should preferably be organised in combination with the pension insurance. In this way a flexible system is in place which can be spread over the life course. Pension funds are particularly suited to administering and to financing the life course scheme as a savings insurance on the basis of average premiums. A choice can be made from a combination of a *fixed contribution* as a percentage of salary and *variable contributions*. In the course of the negotiations on employment conditions, employers

and employees can themselves determine the content and extent of the life course scheme. The government facilitates this in tax terms.

Leave

- The social partners can make agreements about (supplementary) leave provisions.
- III *Individual (third tier)*
- Everyone can supplement his/her life course savings scheme.

5.2 Principles of the proposal

Combination of activities and distribution over the life course

Many people combine the care of children or elderly parents with paid employment. This combination of activities is on the one hand for many people more or less a financial necessity, on the other hand it is the 'model' chosen by many. Greater diversity in life courses and more combinations of activities within a life phase have consequences for income. Periods of leave have to be 'bridged'. The life course insurance enables people to spread the various forms of leave over the life course. The peak of care during the family phase can be offset by a mix of child benefit/income-dependent child reductions and life course insurance. It is important here that the level of child benefit does not create structural *disincentives* (for both parents) to maintain a connection with the employment market³³.

On the other hand, those who are dependent on benefit need the financial stimulus to take up paid employment. Often the gap between the legally guaranteed benefit and the salary that can be earned may be too narrow: a high *replacement rate*. If people, on the other hand, save for (part of) their benefit, it is in their own interests to limit their recourse to their savings. This makes a pro-active contribution to social security where reduced rates of pay are taken up or where the guaranteed salary remains limited because savings have been built up.

Because of the diversity of forms of leave it is advisable not to bring the diversity of forms of leave within one *collective* system or general insurance. Exhaustive statutory systems of financing parental leave, care and educational leave have inherent in them the following disadvantages:

- those who do not make use of the opportunities provided, nonetheless pay towards the funding of leave. This demands a too excessive degree of solidarity. It also means that many people will make use of the leave

opportunities when they do not really need to. This is ineffective and costly.

- There is little flexibility. Statutory entitlements to financed care leave which are not taken up are lost.
- The government, in fact, determines a considerable portion of the secondary employment conditions, while this competence is in the hands of the social partners. Moreover, social partners are able to offer more tailor made provisions. In addition, the life course insurance ensures that employers and employees have the opportunity in the negotiations on employment conditions to respond to social developments such as the modern life course and to support the principle that the modern employee is responsible for his own usefulness on the employment market.

Care leave, refresher leave, parental or educational leave are too different from one another to be combined in one system. Requirements for the various types of leave are certainly not the same for. It is more likely to be a matter of individual choice whether or not to make use of particular types of leave. Proper administration of the various forms of leave requires more individual tailoring than can be offered by a collective social insurance system.

Expanding the opportunities for supplementary collectively financed leave schemes in the Collective Labour Agreement.

The life course budget leads to flexibility in acquiring and claiming of periods of leave. There are also possibilities for harmonising with (pre) pension arrangements in the framework of the (collective) employment agreement. In this way there is a savings fund that people can use for the *positive* transitions mentioned previously. If resources are not used, then these are added to the pension funds and entitlements.

The life course scheme can also strengthen the *stimuli to turn inactivity into paid work*. The level and duration of (particularly unemployment) benefits have to provide a stimulus to taking up paid employment. Reforms of the employment market have to be aimed at this³⁴. Where reassessments are necessary to stimulate people to take up paid employment, *a trade off can take place between on the one hand (existing, often insured) claims to benefits for unemployment (and possibly also sickness) and the building up of a savings fund on the other hand. When people save for (part of) their own unemployment benefit, they see a more direct benefit in limiting their claim on the savings pot and thereby ensuring their employability*³⁵. People are made responsible for financing temporary reductions in income and for investments in human capital (them-

selves and their skills). In fact, there is a greater individual contribution to bearing the risk. Thus the 'new style' statutory benefit can begin at a low level and after a set period can become higher. There may be – within statutory or collective employment agreements – agreed bandwidths, even varying per company or person in terms of level, start and duration of a) a benefit payment and b) a (partly collectively and partly individually) saved amount.

5.3 Structural aspects

Life course system

A complete life course system covers the whole life course. The total of income insurance's from 18 years is referred to as the life course system. Up to 65 years it is an income provision during times of interruptions in the career and thereafter it is retirement pension.

Simplification

Fragmentation of secondary employment conditions will be streamlined because these can simply be incorporated in the life course insurance. First of all, existing extra holidays can be incorporated: schemes for shorter working hours, peak hours, extra holiday days and other leave days. Thereafter any extra hours in the event of a collective increase in company hours (for example from 36 to 38 or 40 hours) can be incorporated in the life course insurance. Finally, a part of the salary flexibility can be incorporated. For employers and employees a single life course scheme means a considerable simplification. Also, it is an unambiguous scheme in which time and money are transferred into postponed salary for periods of leave and temporarily reduced working hours.

Premium

The life course insurance could include the following elements:

- a paid leave on the basis of the available premiums
- a premium comparable to the average pension scheme or the equivalent made up of time savings

The employee's funds can be securely managed outside the company. The value of the funds can be transferred if the employee moves to another company.

Financing and content of the life course insurance

The life course scheme is linked to the employment contract. Employers and employees themselves determine the content and level of the life course

insurance in the negotiations on employment conditions within the fiscal conditions. This is an arrangement with a code of regulations setting out the fixed and variable payments which are possible. Financing of the life course insurance could take place via a uniform (or within differentiated bandwidths) average premium out of the salary. Payments from time savings as well as premiums can also be included, depending on personal requirements.

Elements of the life course insurance

The life course insurance may consist of the following elements:

- paid leave for study or retraining
- paid leave for care and parental leave
- paid leave for other types of leave (sabbatical, refresher course, etc)
- extra income in the event of unemployment or (partial) disability

Implementation will take place in combination with pension schemes and other income supplements: flexible and made-to-measure.

Integration of the life course scheme with the (pre)pension system means it is possible to have access to financial resources above the amount that one has actually saved. With this system, if parental leave is required but would cause a negative balance in the life course insurance, the reserve value of the pension insurance can be linked to the life course insurance. The value of the pension reserve can thus serve as *security* for an 'excess' of 'paid' parental leave, but not more than can be covered by the pension reserve. Income for leave which has been taken up earlier will, of course, be compensated later by the fixed premiums. Retirement pension and life course pension are not exchangeable, but there could be a possibility of using this as 'security'. Spreading of income over the life course thus comes within the reach of everyone.

Individual scheme

For those for whom the life course insurance is insufficient, it is possible to make individual extra savings. This can be via a supplement to the life course scheme. It is possible to make extra contributions, paid from overtime or from holiday days not taken up. Company savings schemes in some cases already transfer the amount saved for this purpose.

Exemption from tax

Tax exemptions can facilitate the life course scheme. Contributions should be made free of tax up to a set sum per year.

Leave schemes

The proposal for a life course scheme does not necessarily have to mean a change in, for example, maternity or adoption leave. Nonetheless, here too it is recommended to limit government provisions and to leave as much as possible to the social partners and industry.

5.4. Positive and coping with negative transitions again: a summary

- The life course insurance offers working people the opportunity to more easily combine various activities. Adult education or caring for children no longer means an inevitable reduction in income. In other words, the life course scheme makes *positive transitions* possible. The effects on income can be taken care of, because the loss in income will be spread over the life course. Also, in the last phase of the career it will be possible to compensate for any change in remuneration arising from reduced responsibilities.
- The life course scheme ensures that *negative transitions* (unemployment) are solved more quickly. It is a condition that a certain degree of trade-off takes place between claims on the basis of social insurance's on the one side and the build up of savings on the other: there cannot, of course, be an unmanageable accumulation of entitlements. Within the social security system there will be a partial exchange between insuring and saving. If such an exchange takes place, then in the event of unemployment (or illness) people will have a more direct interest in limiting their claim on their savings and will safeguard their employability. In fact, there is a greater personal contribution to bearing the risk.
- The government should leave the interpretation and implementation of the life course scheme to the employers and employees. They can set the basis for the system and give some fiscal stimulus, but they should not make any statutory claims to it or put the arrangements under a general social security system. This would not serve the interests of support for the schemes, nor their effectiveness, flexibility or individuality. Moreover, a broad Collective Labour Agreement ensures that the social role and responsibility of the social parties are stimulated. Broad Collective Labour Agreements are not only a matter of finances, but also of social aims.
- Building up savings collectively and within the Collective Labour Agreement has certain advantages of scale and involves a some solidarity in financing the funds. The life course scheme in this way differs from the liberal, individualistic approach. The way in which people may want to use their funds is, on the contrary, largely a matter of

their own choice: the funds can be taken up at any point in time: for care, education, bringing up children, to supplement the income during unemployment or as a flex pension.

- The life course insurance contributes to the *'right' categories* of people in our social-economic order being encouraged to take up paid employment. At the beginning of chapter four it was argued that maintaining the welfare state requires income from premiums and taxation. For this reason, government and society benefit from a high employment participation. It has been established that if the stimulus to take up paid employment is too limited for a) that part of the population dependent on benefit and for b) older employees, the pressure then falls on c) the younger generations (the family phase). The life course scheme ensures that the stimuli are more evenly spread. The burden is removed from the family phase, while older people are enabled to maintain a positive connection with the employment market. There will be greater encouragement for those on benefit to go back to work.

Finally

*the pivotal position
of young mothers*

Greying of the population is currently seen as the greatest problem for the future. The counterpart of greying is 'greening': it is a matter of the balance between old and young, the question whether it is possible for subsequent generations to provide the funds for the current generation. And, in fact, the key for the future lies in the position of (young) mothers, on two counts. In order to solve the current problems of the labour market – without enormous migration streams – the participation of women in employment must be increased. To solve the problems of the future, the birth rate is also important. The first chapters of this report outlined the effects of this devilish dilemma for women and young families. At the moment it is a lose-lose situation.

The arrival of children means for the majority of women, in spite of their increasing higher education, at least partial withdrawal from the employment market.... a withdrawal (this is in fact the key to the problem) which they themselves would rather see as temporary. The reality is that this return to work for many women does not happen or is marginal.

On the other side of the coin is the tendency to postpone having children or even to decide not to have them (in any event to have fewer children than they would like).

The paradox of the situation is then in fact that the group in whose hands the key lies, the women who would like to work as well as having more children, are currently doing the opposite. The reason for this is doubtless the *poor infrastructure* both for parenthood itself (in a financial sense) as well as the combination of work and care (time, provisions).

In Europe at the moment we see two types of political strategies being developed to solve this key problem, the *contracting out model* and the *family support model*. In the contracting out model childcare is seen as the universal key. Reference is made here to the success of the Scandinavian countries where the birth rate is currently rising while participation in employment by women is high. In the family support model, which is mainly advocated in Germany and Austria by Christian-Democratic parties, it is at least in part a social-political choice. The type of society is rejected where (the quality of) family life is sacrificed to the economy.

An important problem with the family support model is the high cost, mainly because the lion's share of the finances find their way to families which 'do not really need' them. Income-dependent child reductions can address this. Also one should not exclude the possibility that families with a limited earnings capacity will combine the high child benefit with barely a few days work: that is sufficient for a minimum income. That means a

limited stimulus to work, fewer employment possibilities and separation from the employment market (for men as well as women).

The contracting out model has its disadvantages too. Bringing up children oneself becomes so expensive (particularly if there are no specific child schemes/arrangements) that there is no other real option. The double taxation on women, in particular, also remains intact. In Scandinavian countries women are getting left behind. Where it is available, women in these countries choose almost exclusively for leave instead of childcare... and then get left behind in employment years too.

The key to the issue from the Christian-Democratic perspective has to rest with the *freedom of choice* of men and women to share the tasks at family level and to create the combination which is optimal for them. A combination which depends on the personal significance of the elements child-work-time-relationship-self development, etc. for each unique combination of two already unique individuals. It is also for this reason that the life course system has been developed to bridge the two variants discussed. Or, in other words, to set a course between the Scylla of the parent at a distance and the Charybdis of employment limitations. And the key lies in the element of *self-financing* – and thereby also self-determining – the system on the basis of personal choices in the life course. The basis here is the Christian-Democratic principle of personal responsibility: because the modern citizen has sufficient opportunities seen over the whole life course, it is realistic and fair that one should contribute to a more ‘relaxed’ family phase. The government ensures the basis of the system in terms of finances but above all in terms of rights and facilitating.

In the life course system young parents have the free choice to apply resources to the option which best suits them, child care or leave. Moreover, they *both* have the resources, which means that the division of tasks between men and women will be a very serious point of discussion. The participation of women could still rise enormously if, particularly in the family phase, there was more *joint* investment in the bringing up of children, so that the women’s relationship with their work was not permanently under pressure from parental responsibilities. The other side of the coin is that with a life course system citizens are aware much earlier of the value and need for longer term planning and the – unavoidable – decision that more needs to be put into funding old age provisions than in consumption.

Finally, with a life course system the purpose is to take the citizen *seriously* as the person who is bears responsibility for himself and for subsequent gen-

erations. That it is no longer politicians or economists who decide how much retirement pension, leave or childcare the citizen 'may' receive. That no ideological contest should be fought out above the heads of men and women about how women (and men) should organise their lives with one another. In the end it is about the Christian-Democratic ideal of responsibility and sovereignty in one's own circle, also to shape 'the smallest democracy of our society'.

In addition, the life course system offers the possibility for people to maintain their working capital via education and *selbstgesteutes lernen*. That, too, is important for an optimal use of the employment population and for the affordability of vital provisions in a greying society. By means of an exchange with social insurance's (an intelligent mix of insuring and saving) to increase the stimulus to work for those who are standing on the sidelines – without it being a question of circumstances beyond one's control.

Notes

1. This explains the increase of wages and of inflation in the Netherlands (and Ireland) around the year 2000.
2. Even he who chooses for horizontal promotion or demotion within a range of 20%, does not see his disposable income decrease when the children and the related costs have left home in the senior phase.
3. Poppenoe, D. (1993): American Family Decline 1960-1990: A Review and Appraisal. In: Journal of Marriage and the Family, 55. pp. 527-542.
4. Poppenoe's original studies concerned Sweden, a country considered to be a forerunner in family development in Europe. He combined the high divorce rate in Sweden with the negative effects (mainly in black families) of single parenthood in the USA. This rather gloomy prospect played a prominent role in the upsurge of the 'family values' debate stimulated by for instance vice-president Quayle in the USA. Since then the issue of family decline has been on the agenda also of president Clinton and Blair's New Labour Party. In England for instance in 2000 the Labour government raised the issue of prohibiting divorce for parents with young children.
5. Some family historians assume that there has been a very strong influence of the Catholic Church in a way inverse to the usual stimulation of birthrates. In 1973 the leading Bishop (Mgr Bluysen) was interviewed on TV and stated as the opinion of the Bishops that all members of the Roman Catholic Church 'should follow their own conscience in the matter of birth control'. This of course was unprecedented – and resulted in a longstanding conflict between the Holy Chair and the Dutch Bishops. (In fact the Pope appointed shortly afterwards a chaplain that had publicly resisted the new ways of the church and a very conservative priest as new Bishops.
6. The Centraal Bureau voor de Statistiek is responsible for the periodical Fertility Surveys and the Municipal Registration of the Population (using both for the population prognosis). The program resulted in a number of books and articles in which the focus gradually shifted from the 'photo' to the 'film' approach:
 - Family Formation in the Nineties (Gezinsvorming in de jaren 90, 1995, edited by J. Latten & P. Cuyvers)
 - Single or Together? Single and Together! (Alleen of samen? Alleen en samen!, 1998, edited by P. Cuyvers & J. Latten)
 - Living Together (Samen Leven, forthcoming)
7. The graphs in this chapter all but one (fig. 5) come from the National Family Report 2001, bases on the analysis of the CBS-data by the Family Council.
8. Interestingly the acceptance of 'adultery' (having an isolated sexual experience with another partner) went down sharply in the young generations. Almost 90 % nowadays states that a single case would suffice for them to

finish the relationship. In the fifties and sixties this percentage was much smaller. The reason for this development probably is that relations nowadays are seen as personal choice. Since there is no social obligation to stay together, adultery is not seen as a sort of necessary compensation for having to live in a bad marriage but as a breach of personal trust. This development shows that the 'individualisation process' in itself is not bad for moral issues.

9. In the recent Family Formation Survey mothers were asked why they had a single child and almost half of them stated that their family size was involuntarily small: they would have liked to have another child but due to circumstances such as infertility, partners not willing or divorce it hadn't come to that.
10. It is important to notice however that the fact that mothers do most of the caring does not mean that fathers are not involved in family activities. A number of studies (see for Germany for instance Vaskovic e.a.) have documented what happens to men becoming fathers and usually they will work longer hours in order to compensate for the extra costs of children and the loss of income by women working less hours. Further, they will spend less time on hobbies and going out and more time 'on the couch' at home.
11. In the Netherlands they are called 'Seniors' to distinguish them from the (really) old people or by a nickname 'Krasse Knarren' which means still-fit-old-person. In English they may be called YOP, Young Old People.
12. Again, it would be wrong to state that the situation is all negative for families and all positive for people without children. After all, most people want children and they bring very important positive things into one's life: love, responsibility and other things that cannot be expressed in monetary values. On the other hand, the lives of juniors and seniors also have stress factors. Young people are under constant pressure to 'score' in education and in social hierarchies. Elderly people often have difficulties in keeping up the pace at work.
13. In the Netherlands, still almost half of the mothers stop participating in the labour market entirely and the vast majority of the other half reduce working hours. On average women contribute less than one-quarter to the income of families.
14. The report 'Social Indicators, the next generation' will be published by the EU end 2002. A copy is available at the Netherlands Family Council, The Hague, a digital version is available through www.familyfacts.nl.
15. There is no age at which singles are the dominant household type: they represent a maximum of one out of five households in the younger age groups. If the range were to be extended to the entire life cycle, of course, there would be some age groups at the end of the graph in which singles would dominate.

16. Frankl, V.E., De zin van het bestaan, Rotterdam 1978.
17. Cf. a.o. E. Shorter, De wording van het modern gezin, Baarn 1975.
18. See for example J.P. Balkenende, Overheidsregelgeving en maatschappelijke organisaties, Alphen a/d Rijn 1992 and Verhallen et al., Corporatisme in Nederland, Alphen a/d Rijn / Brussels 1980.
19. This is the reason why there is a certain concern that the government will withdraw from social security and people will have to cover risks themselves through private insurance's with commercial insurance companies. Such developments are however rejected. This does not however apply to saving extra through the employer. Cf. P. Ester, P. and H. Vinken, Een dubbel vooruitzicht. Doembeeld en droombeelden van arbeid, zorg en vrije tijd in de 21ste eeuw, Bussum 2001, p. 139.
20. Cf. also: Sociaal Economische Raad, Advies Sociaal-economisch beleid 1998-2002, The Hague 1998, p. 22 (summary): "Employers and employees should not only invest in the mutual relationship but also anticipate well the moment that they must/want to 'let go'".
21. R.J. Muffels, 'De transitionele arbeidsmarkt. Een modern en dynamisch perspectief op de arbeidsmarkt en het arbeidsmarktbeleid?', in N. van den Heuvel et al. (ed.), De transitioenele arbeidsmarkt. Contouren van een actief arbeidsmarktbeleid, The Hague, 2001, p. 16-17.
22. 'Die Richter in den roten Roben blieben nicht nur der Linie früherer Urteile - beispielweise zur Rentenversicherung 1992 und zur Einkommensbesteuerung 1998 - treu. Ihr jüngster Beschluss bedeutet vielmehr einen Qualitätssprung: Es geht nicht mehr darum, den Kindern nur das Existenzminimum zu sichern.', Wilfried Herz, 'Richter als Abgeordnete, Karlsruhe korrigiert die Pflegeversicherung zu Recht', Die Zeit 15/2001.
23. As also in the United States: for married couples who do their tax declaration together, different tax brackets apply.
24. See <http://www.oevp.at /etopics/artikel.asp?where=000358>
25. See: Nyfer, Meer tijd voor arbeid en zorg. Spreiding van pensioengelden over de levensloop, 2001.
26. CDU/CSU, Arbeit für Alle - Konzepte für mehr Beschäftigung (Berlin 2002), p. 14.
27. The outcome of a Gallup-survey showed that labour satisfaction is important countries of the EU is very low: in France only 9% of the employees are really engaged workers, in Germany the percentage is 15%, while in the USA 40% of the participants are committed to their job. This lack of engagement costs enormous sums of money. See die Welt 12-09-02. Interesting is a study written about in the Harvard Business Review. The study pointed out that it is precisely the managers that have a lot of attention for the human aspect of entrepreneurship and management that score more than excellent as far as operating results are concerned. Their behavioral characteristics are in some

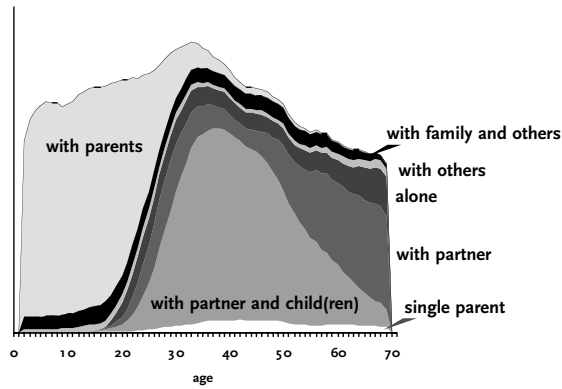
- aspects even atypical, measured by the criteria for managers common in handbooks. These leaders are strongly inclined to give others the honor of success, not push themselves to the forefront etc. J. Collins, 'Level 5 Leadership: The Triumph of Humility and Fierce Resolve', *Harvard Business Review*, January 2001, pp. 67-76.
28. Policy Studies Council for Government policy, *A Working Perspective*, employment participation in the 90's, The Hague 1990, p. 162.
 29. Private unemployment insurance is in practice impossible, primarily because the risks can be influenced.
 30. See CDA Policy Studies Institute, *New Regime in the Care Sector*, The Hague 2000. See also CDU/CSU, *Offensive for a future welfare state*, Berlin 2002, p. 4-6.
 31. B. de Vries, *Half a century work, work and the working of the employment market*, Rotterdam 1994, Telderstichting, (liberal policy studies institute for the VVD), *Growth, income distribution and economic order*, The Hague 2000, R.J. Muffels, *The transitional employment market. A modern and dynamic perspective on the employment market and employment market policy?*, in N. van den Heuvel et al (ed.), *The transitional employment market. Contours of an active employment policy*, The Hague 2001, p. 11-52.
 32. Stimuli to counter the so-called 'negative' transitions.
 33. See earlier comments on the proposals of the CDU/CSU regarding Child benefits, paragraph 4.3.1.
 34. In Germany the question arises in reforming the employment market whether (generically, i.e. independent of whether people refuse jobs) unemployment benefits should be cut. There is some disagreement about reductions: The CDU/CSU does not (yet) want to take that route. In *Arbeit für Alle. Konzepte für mehr Beschäftigung* (Berlin 2002) the parties support an increase in the general income tax reduction at the base salary level, levelling off poverty via linear increases in tax and premium rates, supplements as unemployed people accept jobs and an integrated implementation of Social and Employment Support (including employment intervention). This last ties in with the proposals of the Hartz Commission set up by the Schröder cabinet. This aims to establish a Job Agency which takes those entitled to unemployment benefit into service to subsequently be set to work by third parties. It is mainly the employers who do not consider this proposal sufficiently far-reaching. Originally Hartz had proposed reducing social benefits, mainly by limiting the duration of unemployment benefit and employment support to 12 months. The employers' organisations continue to support this. 'Arbeitgeber unzufrieden mit Hartz', *Die Welt*, 30/7/02).
 35. A.L. Bovenberg, *Nieuwe spelregels voor een nieuwe levensloop*, in *Meesters van de welvaart. Top economen over Nederland*, Amsterdam 2002, p. 67-78.

Appendix

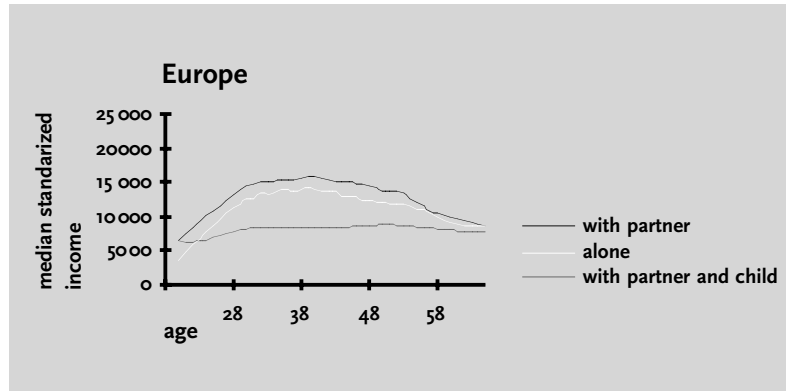
Page 91: overview graphs Europe.

Further pages country comparisons.

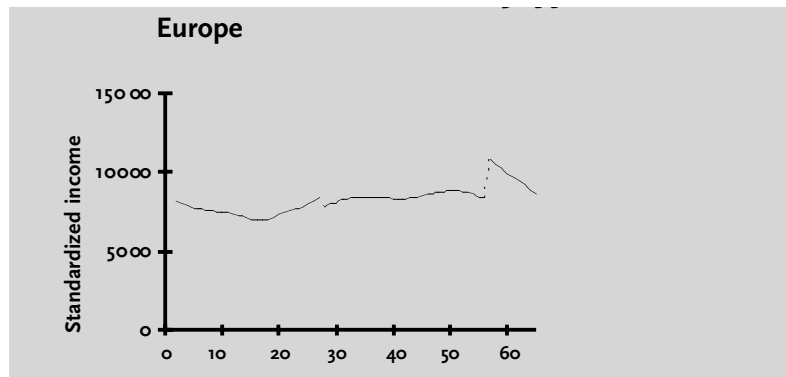
1. Households by age Europe 1996



2. Purchasing power of household types (family, couple, single) by age Europe

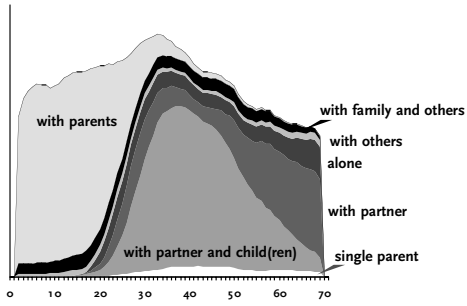


3. Life Phase Income Curve Europe

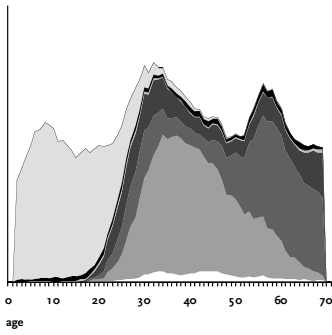


1. Households by age: EU countries

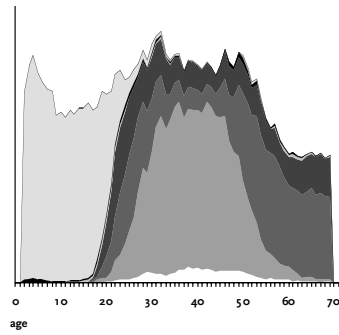
Households Europe 1996



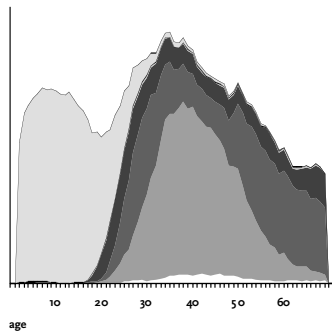
Households Germany



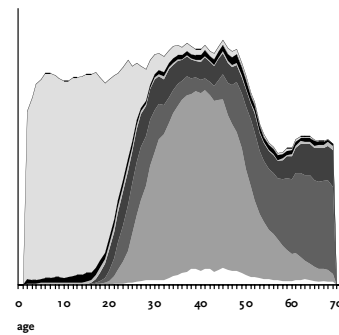
Households Denmark



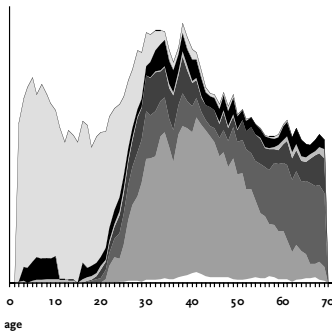
Households Netherlands



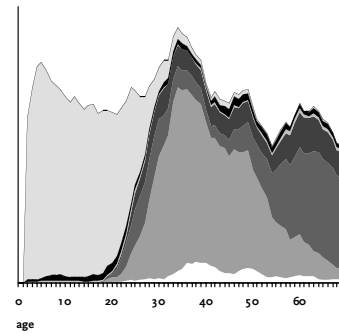
Households France



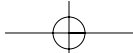
Households Luxembourg



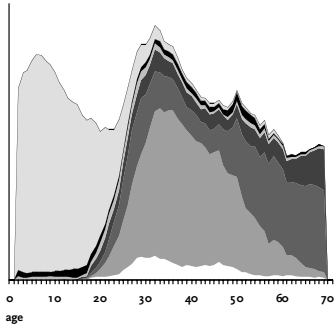
Households Belgium



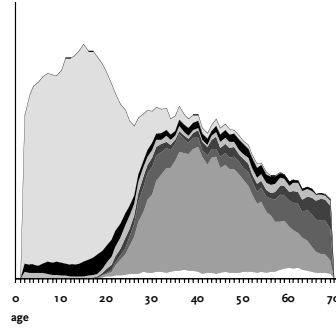
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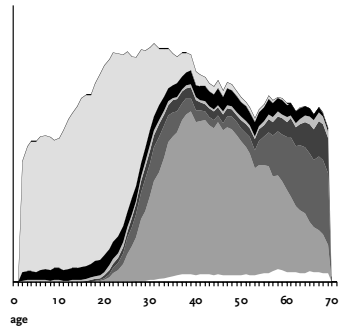
Households United Kingdom



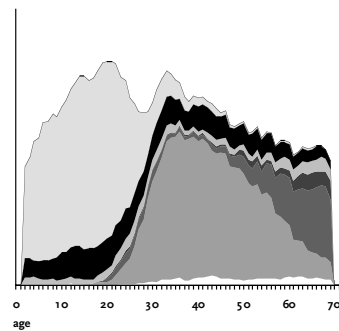
Households Ireland



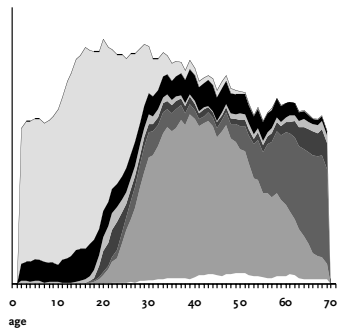
Households Italy



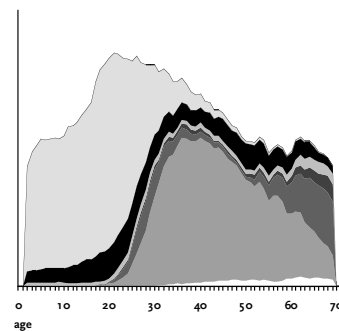
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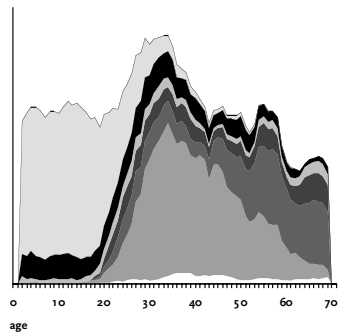
Households Greece



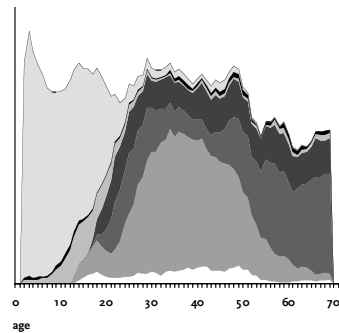
Households Spain



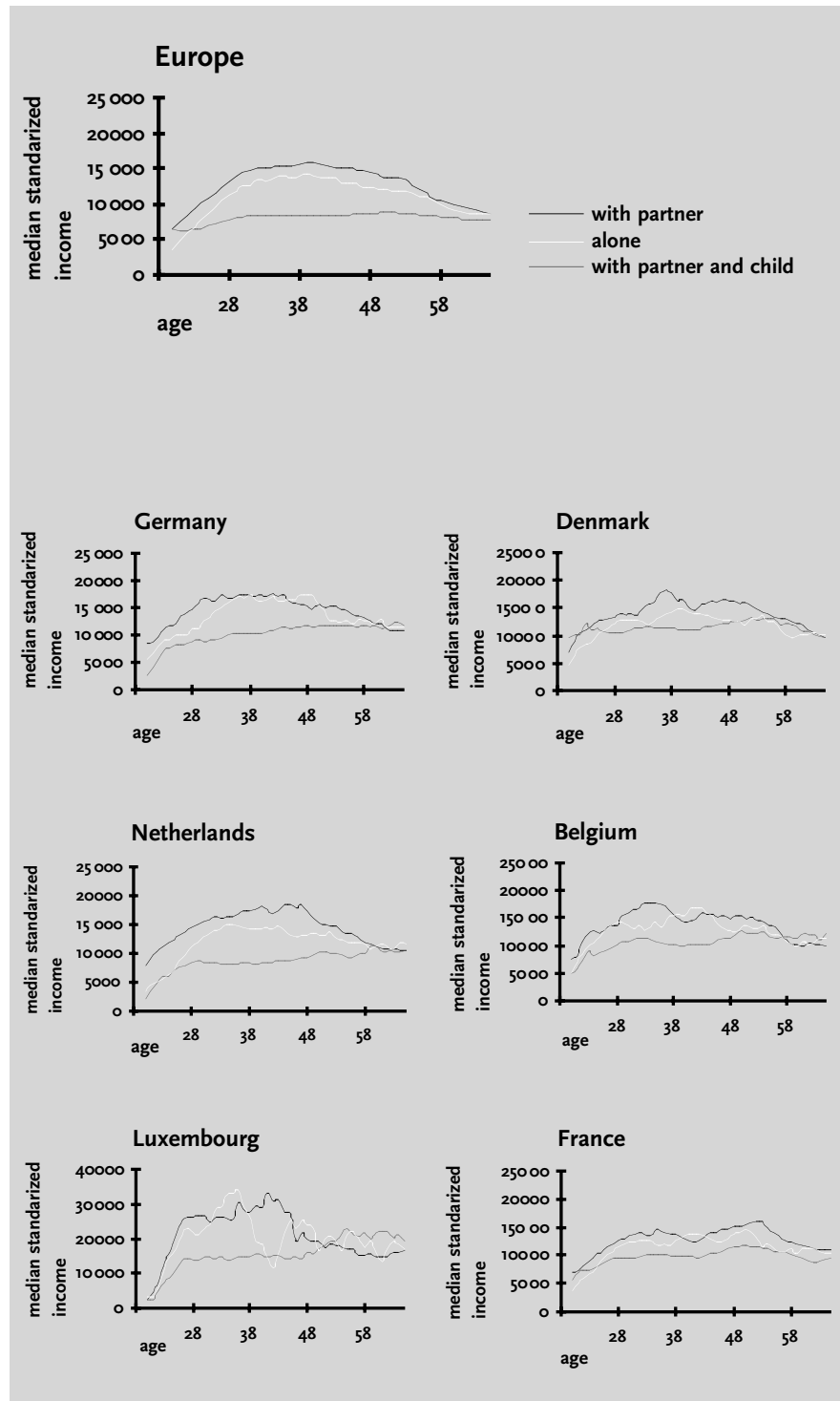
Households Austria



Households Finland

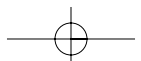


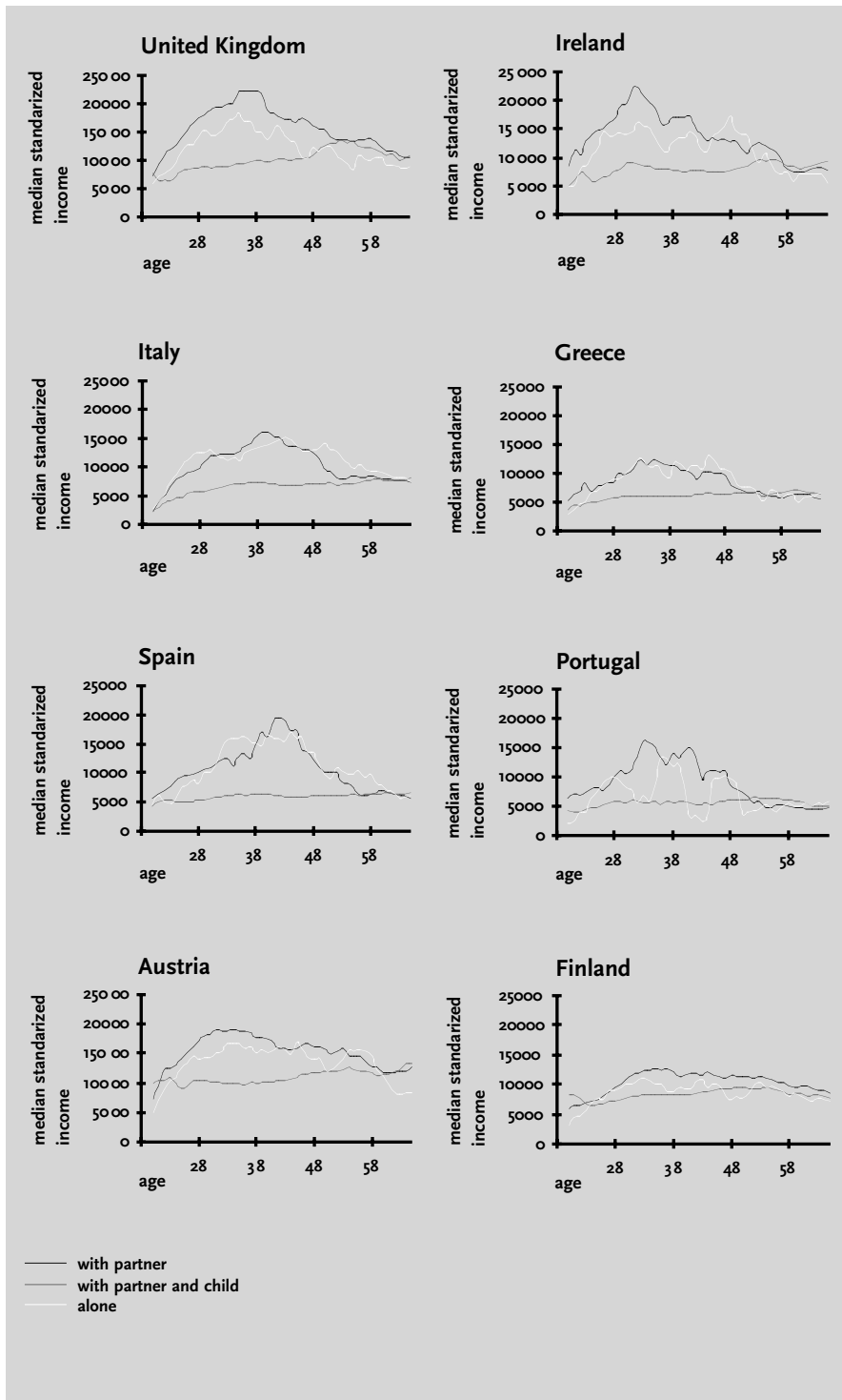
2. Purchasing power of household types (family, couple, single) by age for EU countries.



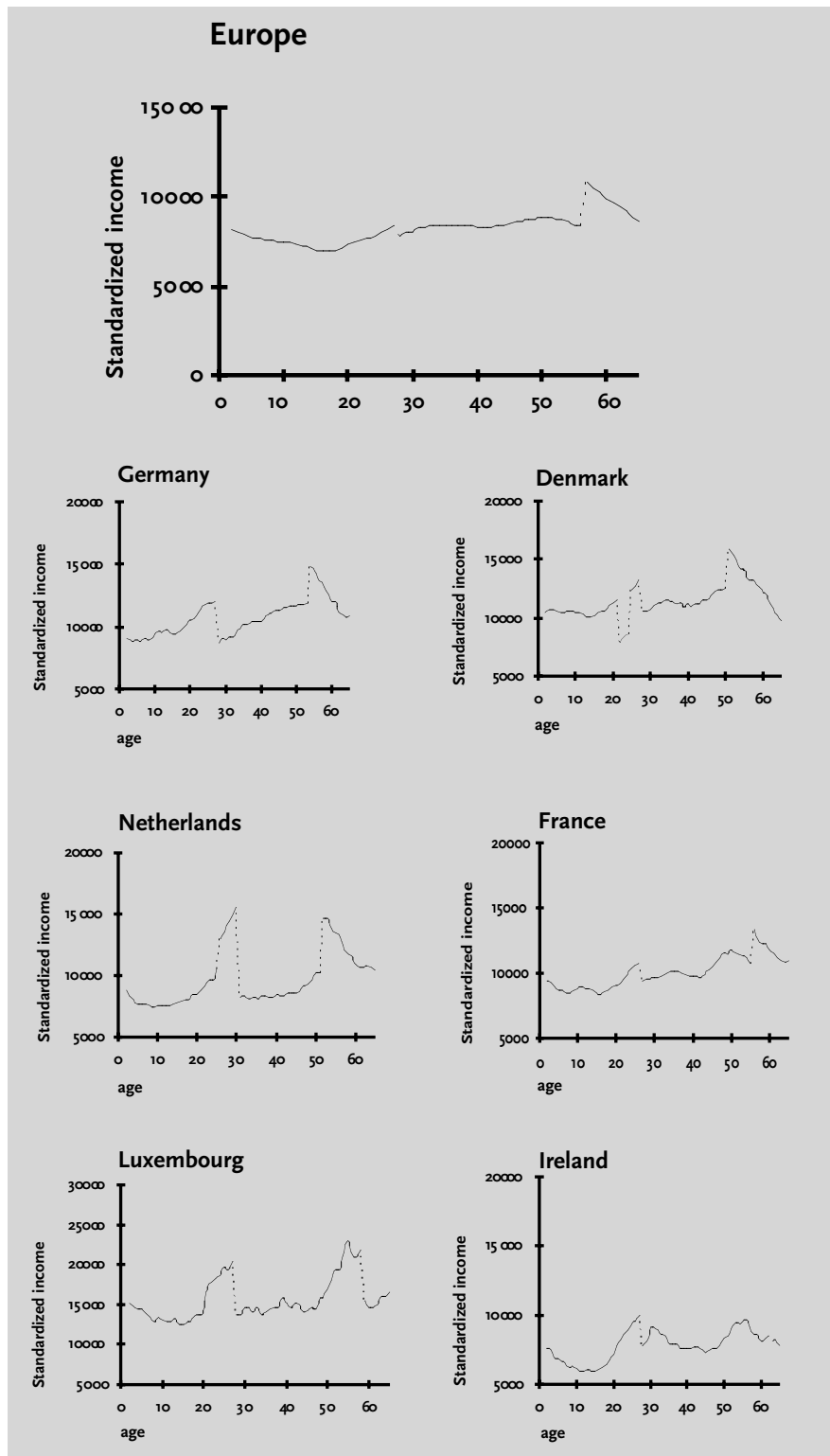
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3. Life cycle changes in purchasing power for EU countries.



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