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Foreword

The debate on 'flexicurity' is currently high on the European employment and social policy agenda. The concept originally referred to the Danish employment strategy of the nineties, marked by relatively high levels of labour market flexibility combined with relatively high (short-term) unemployment benefits and a broad array of activation and temporary leave programmes. However, the concept has since been applied to varying narratives built around the nexus of labour market flexibility, employment security and social protection.

The European Commission not only finds the 'flexicurity' concept useful for sensitising EU member states to the labour market challenges of the 21st century, but also believes that the concept could lead to strategies that help EU member states to achieve the goals of the Lisbon Agenda by 2010.

Hence, in recent months, the European Commission launched many initiatives that relate to the flexicurity concept. In June the European Commission published the report of a European Expert group: "Flexicurity Pathways: turning hurdles into stepping-stones". On June 27th the Commission adopted a Communication on flexicurity, identifying common challenges, and potential solutions, that European labour markets should address. Last month the European Parliament adopted a resolution on modernising labour law, which also refers to the flexicurity concept.

In these documents it is acknowledged that there is no one-size-fits all approach to flexicurity and that is not simply a matter of applying the Danish "model" in the other EU member states. In this Working Paper, Professor Ute Klammer presents an overview of the varying notions of "flexicurity" from selected European countries. Interestingly, she also extends the analysis of flexicurity to the so-called life-course perspective, which has also nourished the debate on the future of social protection in several EU member states.

Dr. Koen Vleminckx
Editor

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**Flexicurity and the life-course: Labour market
integration over the life-course in different
European welfare state regimes**

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Abstract

The presentation deals with the concept of “flexicurity” from the perspective of individuals’ labour market participation. To begin with, differing notions of “flexicurity” from selected European countries are being discussed. The presentation then extends the analysis of flexicurity to take account of the life-course perspective; in the international flexicurity debate such an approach has so far not been systematically taken. Based on own empirical research, the presentation focuses on different aspects of labour market integration over the life-course in different European welfare state regimes. In the second half the presentation deals with the question of what options will be needed for time allocation in different phases of life and over the whole life of an individual, and what financial resources could be combined to finance those phases. The first section discusses methodological and conceptual issues related to flexicurity and the life course. The second and main section of the second part deals with policy implications. Five crucial objectives of a flexicurity policy based on a life-course approach are identified, and a range of options to improve flexibility and security over the lifetime are being discussed. These options include e.g. measures to increase time sovereignty, subsidised part-time schemes for care and lifelong learning, the use of accumulated pension savings to finance other activities during the course of working life, and the role of minimum provision in social security schemes.

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1. Introduction: key ideas and definitions of the notion "flexicurity"

The working world is more varied than ever before. "Flexibility" is not only one of the key demands of the employers; it is also high on the wish-list of employees – albeit often with different emphases. However, demands for greater flexibility are often vaguely formulated and do not distinguish between the various forms of flexibility. To introduce some degree of precision into the debate, it is a good idea to look back at a template for types of flexibility that was developed by the OECD back in the 80s.

Types of flexibility

The OECD-template differentiates between external and internal flexibility and, in the latter case, additionally makes a distinction between internal-numeric and internal-functional flexibility:

- *External numeric* flexibility is the term used to describe the numeric adjustment of the workforce by the companies (lay-offs and possible re-employment, use of limited employment contracts or employee leasing).
- *Internal numeric* flexibility, on the other hand, is based on adjustment of the working time of employees using time accounts or reductions in working time (to protect jobs), methods used in Germany, for example, by automobile manufacturer VW with its introduction of the "28.8-hour week". In contrast to the situation with external flexibilisation (personnel cutbacks), the number of employees remains constant.
- *Internal-functional* flexibility means reacting to changing production or service requirements by making adjustments to work organisation systems as well as through the qualification of employees. This adaptation strategy is designed to permit deployment at different workplaces to meet fluctuating market demand. At the same time, this type of flexibilisation is often a necessary precondition for the efficient functioning of internal-numeric flexibility.

"Flexicurity" – one idea, but different approaches geared towards combining flexibility and security

The realisation that one of the key challenges of the working and living world of the future and of the accompanying labour market and social policy measures will be to integrate flexibility and security has culminated in a debate over "flexicurity" – initially in the 90s in the Netherlands and Denmark, and more recently also in Germany and other European countries.² The general consensus is that the goal of "flexicurity" is to create a new balance between flexibility and security and therefore to provide an alternative to a deregulation-only policy – as well as an alternative to a continuation of the current rigid regulations in the area of labour law and social policy. At the same time, however, there is still no standard international definition of "flexicurity". In the Netherlands, for example, the prevailing opinion in the current debate is that policies should only be described as "flexicurity policies" if they *simultaneously* increase both flexibility as well as the (social) security of those affected. This standpoint is reflected in several pieces of legislation that have been enacted in the Netherlands in recent years – such as the 1999 "Law on Flexibility and Security" ("Flex-Wet"), introduced with the aim of promoting

² For an overview on the different national discussions and concepts of flexicurity in EU-countries see the volume "Flexicurity: Conceptual issues and political implementation in Europe" of the journal TRANSFER (vol. 10 no. 2, summer 2004), co-ordinated by the author of this paper in collaboration with Maria Jepsen, ETUI.

flexible employment relationships while also containing provisions on dismissal protection, probationary periods and other factors that provide a minimum level of protection for those in flexible employment relationships. It is also reflected in the Dutch scientific debate on flexicurity (e.g. Wilthagen 2001, Wilthagen/Tros 2004). In Denmark, the debate about flexicurity focuses primarily on mobility in the labour market (Braun 2002; Madsen 2003, 2004). The situation in Denmark is characterised by a particularly low level of dismissal protection combined with extremely high unemployment benefits (that can be as high as 90% of an unemployed person's former pay depending on how much they earned while in employment). In the German debate, the concept of "flexicurity" is used in a broader sense. This concerns the various levels of flexibilisation as well as the relevant methods by which this flexibilisation is secured. On the macro level, for example, the focus is on the development of "atypical" employment relationships and the way in which these relationships are secured by labour and social welfare laws; but also on the question of how transitions (from "more flexible" to "more stable" employment relationships) are supported. At the company level the interest is focused on the various strategies for and implications of internal flexibilisation (e.g. adjustment of working times, wages/salaries, or the employability of the workforce) – as well as on those of external flexibilisation (e.g. through lay-offs, outsourcing etc.). What are the implications of different forms of flexibilisation for the employees and the companies? Are they substitutes? At the micro level of the employees, central questions relate to the time and support needs of different groups of employees in connection with the work-life balance – as well as new risks that are still only inadequately covered by the social insurance system and that result from the self-exploitation of so-called "entreployees"³.

One of the preconditions for such a comprehensive analysis of flexibility and security is that it looks not just at the company perspective but also adds a life-oriented component. Flexibility is increasingly shaping private living models – through the declining cohesive power of marriage, for example. Only by looking at the interplay between flexibility in the realm of employment and flexibility in the private sphere is it possible to arrive at an adequate assessment of the former and to secure it within the context of a flexicurity concept. For that reason "flexicurity" is not only a topic for labour market policy, but also for family policy, insofar as family policy has to be adjusted to more flexible family models and individual life-courses.

Meanwhile, the idea that flexibility has to be reconciled (better) with security has reached the official publications of the European Commission. Although the publications usually do not (yet) employ the term flexicurity itself, the idea behind flexicurity – looking for new balances between flexibility and security – frequently reappears. In the European Union's Employment Guidelines for 2003 the balance between flexibility and security is seen as a crucial goal:

'Providing the right balance between flexibility and security will help support the competitiveness of firms, increase quality and productivity at work and facilitate the adaptation of firms and workers to economic change' (Council of the European Union 2003, paragraph 12).

Accordingly, the European Commission's report "Employment in Europe 2003" contains a chapter on 'Flexibility, security and quality in work' (European Commission 2003, chapter 4).

³ "Entreployee" is the term used to describe a new type of employee who markets his working abilities on his own initiative and who, although formally a dependent employee, bears the risks that are traditional entrepreneurial risks. Labour sociologists have been debating the "entreployee" since the late 1990s (Voß/Pongratz 1998).

Some aspects in the Commission's more recent publications hint at a perspective that has so far played only a minor role within the flexicurity debate: the life-course perspective. Picking up on such concepts as lifelong learning and active ageing, the 2003 Employment Guidelines state: *'this requires developing comprehensive national strategies based on a life cycle approach'* (Council of the European Union 2003, paragraph 15).⁴

Regardless of the extent to which specific forms of flexible employment relationships and interruptions to employment have become widespread, and irrespective of who is affected to what degree – the long-term perspective is decisive when it comes to the ways in which flexibility is secured from a social point of view. Whether "atypical" employment relationships or interruptions to employment prove to be precarious for the people concerned depends on, among other things, their cumulative duration and development over the course of the individual's life.

The following part of the paper will take up these ideas and will concentrate more in detail on aspects of flexicurity from the perspective of the individual's life course. The focus is on how flexible work – including both paid and unpaid work – is protected in different European welfare state models. This implies that the flexicurity-concept is widened and narrowed at the same time. It is widened insofar as the analysis focuses on the dynamic, long-term effects of flexibility and security. Only if the dimension of time is included in the analysis does the impact of flexibility and discontinuity become obvious (e.g. an accumulation of job changes, working time changes and/or periods out of employment). The focus is narrowed insofar as it concentrates on the employee's/individual's development over time and on social security systems, which implies that the employers' perspective is not systematically addressed. It is assumed, however, that a reorganisation of 'security' along the life course is a precondition for the employability of the workforce and employers profit from it, too.

⁴ The life-course perspective is not new; it has played an important role in debates on labour market and social security issues since the 1960s. It has recently been a subject of renewed interest in the context of demographic change, changing lifetime work patterns of individuals and the discussions on a new organisation of time over working life; see European Foundation 2003.

In the EU-countries belonging to the *Scandinavian welfare state regime* (Sweden, Denmark, Finland, to some extent also the Netherlands) a high labour market integration of the male and in particular female workforce over the whole period of working life is characteristic (employment rate of about $\frac{3}{4}$ of all citizens age 15-64). This goes along with relatively low unemployment rates.⁶ A high share of young people (15-24) is integrated into the labour market, in particular in Denmark and the Netherlands. Among Swedish, Danish and Finnish couples less than one in five households are one-earner households. Except for the Netherlands, part-time rates are moderate, and part-time usually means "long part-time". Looking at the institutional factors, generous leave schemes and a high coverage of public childcare obviously belong to the enabling factors of the ongoing labour market attachment, in particular of women. Within the EU 15, Denmark and Sweden are the leading countries in the field of public childcare for small children (under age 3). All Scandinavian countries provide parental leave options beyond maternity leave, ranging from 13 weeks in the Netherlands to 18 months in Sweden. All countries give parents some flexibility as to when they want to take parental leave (e.g. until the 8th or 9th birthday of the child), and they allow the combination of parental leave with part-time work. Another particularity of the Scandinavian welfare states (in particular Sweden, Denmark) is that they try to stimulate fathers' take-up of parental leave (through daddy days/months etc.). All countries provide further exit-options for care to cover "emergencies" such as care for sick children or dying family members. The Scandinavian countries also have exit schemes (regulated on different levels) that allow workers to take time off for training or for personal reasons.⁷ Working time banking and other flexible working time schemes are widespread. At the upper end of the working life it is remarkable that the actual retirement age is quite high in the Scandinavian countries compared to most other EU-countries and a high percentage of the elderly age 55-65 still work (especially in Sweden).

Based on the indicators analysed, the following features seem to be characteristic of the population's labour market integration in the Scandinavian welfare state model: a high amount of paid working hours over the life-time for both sexes, with early labour market entry and late labour market exit, moderate part-time rates and focus on long part-time, and high continuity in spite of some temporary exit options for care work and training. Compared to other welfare state types this implies that paid work is relatively evenly distributed along the sex, age and family. As far as the institutional background is concerned, generous and flexible leave schemes as well as a highly developed public sector offering social services such as childcare support and enable the continuing labour market attachment of both sexes. Other important elements contributing to this feature are individualized tax systems that do not (or only weakly) support the male breadwinner model, and (some) universalistic social security benefits based on the idea of citizenship. Some of these characteristics do mainly apply to Denmark and Sweden, however, whereas the Netherlands combine leave options and universalistic benefits with low public services and an ongoing support for the (modified) breadwinner model.

If one looks at the countries that are usually described as *conservative/corporatist welfare states* (Germany, France, Belgium, Austria Luxembourg)⁸, some differences compared to the Scandinavian states become obvious. On average the proportion of the population in working age actually working is much lower than in the Scandinavian countries. In Germany, France and Belgium a high exclusion through unemployment is one decisive factor. On an age scale it is remarkable that on average young people start their working life later and elderly people retire earlier. Both features are in particular typical of Belgium, France and Luxembourg. In addition employment rates of women are much lower than in the Scandinavian welfare states; in Germany, France and Belgium they are below 60%, versus more than 70% in Sweden and Denmark. When living in

⁶ In Finland unemployment is higher and the employment rate somewhat lower.

⁷ In Denmark sabbatical schemes have been cut down in the 1990ies when labour shortage became a problem.

⁸ In some classifications the Netherlands are also regarded as belonging to this group.

couples, between one fourth (Belgium) and one third (Austria, Germany) of all women are not active on the labour market. Again some characteristics of the Welfare State and regulatory framework can be identified that promote these features of integration/exclusion from the labour market over the life course. A range of push and pull factors contribute to part-time work and discontinuous labour market attachment of women. Parental leave schemes allowing to leave the labour market for up to three years per child (Germany, France, Austria) contribute to this situation, combined with a low coverage of public childcare for small children, in particular in Germany and Austria (but not in France and Belgium). Although flexible working time arrangements are quite widespread (e.g. working time accounts in Germany), leaving the labour market sometimes appears to be the only answer for women to solve reconciliation problems. Another widespread option for women is part-time work: The part-time rate of women in Germany, Belgium or Austria (not in France) is somewhat higher than in the Scandinavian countries Sweden and Denmark, but what is more important here is that part-time is often short part-time in the continental countries, different to the Nordic countries. Inactivity or marginal activity of married women is supported by derived benefits in the social security systems and the system of joint income taxation, in particular in Germany. As far as the integration along the age scale is concerned it can be assumed that the relatively high level of labour market regulation and dismissal protection for the "core" workforce contributes (among other factors, such as prolonged education) to the late labour market entry of younger people. As far as the early exit of elderly workers is concerned, a high level of decommodification through social security benefits goes along with the early exclusion from the workforce: elderly workers who become unemployed can often claim unemployment benefits for a relatively long period, and pre-retirement schemes still support the early exit from the labour market (e.g. in Germany).

The so-called *liberal welfare states* (in the EU 15: United Kingdom and Ireland) are well known for their low level of decommodification through social security benefits. This creates a higher obligation to earn one's living by a continuous labour market participation throughout the whole time span of working life. Exit options for care-work, as well as other interruption schemes are relatively poor. In fact the labour market participation of men is high; women's employment rates, however, are much lower than in Sweden or Denmark. In particular among Irish women many are inactive. As the investigation of couples reveals, the traditional role model is still strong in Ireland: almost every second woman living in a working-age couple is not active on the labour market. British women are much more often economically active, but they often choose a part-time job, many of which are short part-time jobs. Different to the conservative welfare states this is not the result of the high financial support for the breadwinner model. Instead it can be regarded as a common strategy to cope with personal time needs, e.g. for care: the coverage of public childcare for children age 3 and older (not for the smaller ones!) is far below European average. As far as the distribution of working time over age groups is concerned, the following features become obvious: At the "lower age" of working life – among young people – labour market integration is much higher than in the conservative welfare states, while at the "upper end" people on average retire later than in the conservative welfare state regime. In these countries youngsters finish school and their professional education on average earlier than in some of the conservative countries, and social security systems (e.g. the British New Deal) focus on the labour market integration of young people. For elderly workers, early exit options are also very limited, because of the existing pension schemes and the low level of benefits provided for old age. All in all, the liberal welfare state model also shows a concentration of paid work time on men (similar to the conservative welfare state model, but different to the Scandinavian model), but it does not show the same level of concentration of a person's lifetime working hours on the middle ages, the "rush-hour of life" (different to the conservative welfare state model, but similar to the Scandinavian model).

As far as the so-called *Mediterranean welfare* states are concerned, several studies have shown that in many respects Portugal is a very “untypical” case, in particular when the (high) level and continuity of female labour market participation of women and the prevailing gender model are concerned. As concerns the other three Mediterranean countries (Italy, Spain, Greece), the following features are remarkable: The overall rate of persons in gainful employment is below 60% of people in working age and therefore much lower than in the other three welfare state regimes. This results mainly from the very low rate of women in employment (42-44%, depending on the country). Unemployment plays a very important role for labour market exclusion in general and in particular for women: In all three countries the unemployment rate of women is about twice as high as the unemployment rate of men. Unemployment is also very much centered on young people; in all three countries, the share of people age 15-24 in employment is far below average (only 26-33%, depending on the country), and far below the average rate of youth employment in the liberal and the Scandinavian welfare states. At the upper end of working life the picture is similar to the conservative countries: only a low proportion of citizens age 55-65 are still working – much fewer than in the liberal and Scandinavian countries. Average retirement is lower than in the latter two welfare state regimes, too.

As it has frequently been pointed out (e.g. Bettio and Villa 1998), the Mediterranean countries are still characterized by a relatively traditional gender model. The welfare system highly relies on the family and in particular on women as providers of carework. The public coverage of childcare to date is quite high in Italy and Spain for children age 3 and older, but it is still far below average in Greece, and it is particularly low in *all* Mediterranean countries for children below age 3. All countries have some exit options for parental leave, as well as for emergency care (for ill children, in Italy and Greece also for sick or dying adult family members), but these options are limited, given the low coverage of public services. Flexible working time schemes, regulated on the level of collective agreements, have recently increased, at least in Italy and Spain. What is still lacking, however, are part-time options. Only about 15% of all working women (less than 10% in Greece) hold a part-time job. This leads to a sharp division among women: Whereas younger women or single women without children tend to work full-time, a high proportion of mothers are at least temporarily economically inactive: almost 50% of all women in working-age couples, in Spain even 60%, are not working. To sum it up, the Mediterranean welfare state model has some similarities to the conservative welfare states as far as the concentration of paid work on prime-age men is concerned. As far as the exclusion of women and young workers is concerned, this feature is even more visible in the Mediterranean countries. Different to the conservative model, there is an additional concentration of female working time: Due to a high discontinuity over working life for women in couples (mainly mothers) there is a growing inequality of the labour market integration over the life course between mothers/women in couples and other women.

As the analysis has shown, the common welfare state regime types reveal specific features as far as the level and continuity of labour market inclusion and exclusion for different age groups and for both sexes are concerned. It can be assumed that a part of the cross regime disparities can be ascribed to institutional “flexicurity factors” such as the existence of leave options and employment protection law.

The following section is going to analyse some of the relevant institutional factors. The focus of the analysis is on the perspective of the individual, his access to certain branches of social security and the benefits he can claim (in the short run and in the long

run) to cope with flexibility and discontinuity. Three groups of issues that can be of relevance in people's working careers are discussed:⁹

- a) interruptions of one's employment biography, e.g. by unemployment or the take-up of leave schemes;
- b) reduced working hours, in particular long and short part-time work, and
- c) flexible working time schemes, e.g. working time accounts.

⁹ This part of the paper is based on institutional analysis the author conducted in 2003/2004 for an international research project on behalf of the European Foundation for the Improvement of Working and Living Conditions, Dublin: "Towards a new organisation of time over the life course" (research report forthcoming).

3. Employment interruptions, working time changes and the individual's income and social security in different member states of the EU

Individual interruptions of the employment career (e.g. because of unemployment or parental leave), reduced working hours (compared to full-time work), but also work contracts with a flexible distribution of working time over a longer period can directly or indirectly influence the worker's access to social security and the level of benefits.

Social Protection of people with interruptions in the employment career (unemployment, care leaves, periods of inactivity, early retirement)

Interruptions in the employment career have different reasons. They can be the result of a take-up of an existing leave option (e.g. maternity or parental leave, care leave, leave for training or sabbaticals during one's working life). They can also result from "inactivity" beyond such schemes, often nevertheless connected to care work, e.g. when women stay outside the labour market after parental leave, or when they give up employment to care for an elderly relative. Interruptions can result from unemployment, or they can result from a "late" labour market entry or an "early" labour market exit, compared to what is regarded to be a "normal" employment biography.

In terms of social protection and income options over the life course, the incidence and duration of employment interruptions differ widely across socio-economic groups within a single country and also between countries. The coverage depends on such factors as to what degree the respective interruption is regarded to be the result of a *social risk* that *requires* social protection, or of a *socially valuable (non-market) activity* that *deserves* collective protection. What is also relevant is whether the interruption is regarded to be voluntary or involuntary. Finally the notion of an employment interruption requires a normative – but often not reflected - concept of a full working life. This norm can differ from country to country, as it is obvious from differences in legal retirement age.

One of the employment interruptions most commonly accepted as a social risk and as "involuntary" is *unemployment*.¹⁰ Although the definition of unemployment differs from country to country and, in addition, recent labour market reforms show a trend to re-define (and restrict) the idea of unemployment, so far all countries provide some sort of cash benefits to cover times of unemployment. Except for the liberal welfare states (United Kingdom and Ireland), where flat-rate benefits are paid, all EU15-countries provide income-related benefits at least for the first phase of unemployment. Compared to other interruptions, income security for unemployment is therefore relatively well regulated, however in many countries not as well as it used to be some years ago. Some important differences between countries and sub-groups of the workforce have to be mentioned. The differences concern the criteria for *access to the unemployment insurance* as well as the *eligibility to earning-related benefits*. Sometimes the access is restricted to persons with certain jobs, excluding for example self-employed persons or the so called "sham" self-employed, or people with small jobs. Whereas in some countries – like France – even workers with small part-time jobs have access to the

¹⁰ Actually the notion of "involuntary" unemployment is highly controversial among economists as well as politicians, and it cannot be neglected that unemployment can also be voluntary, e.g. in the case of frictional unemployment. It can be stated, however, that the original idea behind collective unemployment insurances was the perception of unemployment as a risk workers were (and are) involuntarily exposed to. This is reflected by the fact that in many countries (e.g. Denmark, Greece, Spain, France, Luxemburg or Sweden) the "involuntary" character of unemployment is still explicitly mentioned as one of the conditions for unemployment benefits.

unemployment insurance, other countries restrict the access for certain groups of part-timers. One example is Sweden, where people with small part-time jobs of less than 12 hours/week are not eligible, another example is Germany, where the threshold for access to the social insurances is 400 € per month. These regulations can be regarded as barriers for a more flexible distribution of working time over the life course. Another barrier can be the requirement of a long insurance period prior to unemployment, in particular in combination with a short qualifying period during which this requirement has to be fulfilled.¹¹

The level and maximum duration of unemployment benefits in most countries depend on the employee's work history. Another important factor for the duration of the earning replacement benefit is the age of the unemployed person (e.g. in Denmark, Greece, Germany and in particular in Greece, where the duration only depends on age). Whereas the first criteria refers to the idea of equivalence (between individual contributions and the resulting claim), the second criteria follows another logic, reflecting the lower labour market chances elderly unemployed have in many countries. From a life course perspective, unemployment is therefore better protected in later stages of life in many countries. If one considers the cross-country variation of the maximum duration of earning-replacement benefits (from some months, e.g. 4 months for certain groups of insured workers in Spain, to an unlimited claim, e.g. in Belgium), it becomes obvious that many unemployment periods are not covered by cash benefits in spite of existing unemployment systems and that unemployment can therefore threaten not only people's time allocation but also their income over the life course. Re-eligibility usually requires a new period of employment. In some countries (e.g. Sweden) the enrollment in active labour market programmes can serve to fulfill the criteria required. In other countries (e.g. Germany), this "revolving door effect" has been restricted in recent years. Actually active labour market measures have frequently become the precondition for eligibility to financial transfers *during* unemployment (as in the British New Deal programmes or in the Danish system, where the period of unemployment after which activation is compulsory has been shortened several times). Whereas young persons who encounter problems to establish themselves on the labour market often have limited access to cash benefits in the case of unemployment, several countries (for example France, Netherlands, Great Britain, Germany) have focused special active labour market programmes on this group. As far as cash benefits are concerned, however, the general picture is that work interruptions due to unemployment are better protected when they occur later in life and after a longer period of employment.

In countries where social protection strongly relies on statutory insurance (in particular the conservative countries, e.g. Germany and France), registered unemployment usually gives access to the health care system and the pension system. In the latter, pension claims are built up during unemployment, although to a reduced degree. In those countries where some medical treatment is granted for the whole population (e.g. Sweden as an example of the Scandinavian regime, Great Britain as an example of the liberal regime and Spain as example of the Mediterranean regime), it is less important how employment interruptions are classified, because basic rights to healthcare are not affected by the employment status and the classification of employment interruptions. The same holds for the access to citizen-based basic pensions (e.g. in the Dutch or the Danish system) and for systems that guarantee minimum pensions for needy elderly (e.g. the new Swedish "garantipension", the Spanish "pensione non contributiva" or the British "Category D retirement pension"). Where minimum pensions are based on a certain number of insurance years, however, (as the "minimum vieillesse" in France, the "trattamento minimo" in Italy or – with limited requirements - the British "Basic State

¹¹ Example: The insurance requirements in France (6 months out of the last 22 months) are easier to fulfil than the ones in Luxemburg (26 weeks out of the last 1 year), the requirements in Germany and Denmark (52 weeks out of the last three years) are easier to fulfil than the requirements in Austria (52 weeks out of the last 2 years).

Pension/Category A Retirement Pension”), periods of unemployment usually count for the required waiting period.

If social protection for unemployment phases seems to be quite privileged compared to other interruptions in the employment career, it has to be stated, however, that this refers to most statutory first-pillar systems only.¹² As far as second pillar systems (occupational pensions) are concerned, unemployment usually leads to problems to build up one’s claims for retirement age. This is in particular relevant in countries where second (and third) pillar systems have a huge weight (e.g. in Great Britain).

Compared to unemployment, *leave schemes* usually are less well protected. This does not apply for *maternity leave*, however: in most countries a high wage replacement benefit is paid during maternity leave (e.g. 80% in Italy, 90% in Great Britain or Denmark and even 100% in Germany and France). Job security is guaranteed, the coverage by the statutory health and pension system is not negatively affected by the time of maternity leave.¹³ From a life course perspective, problems do not arise from social security coverage during maternity leave, but they can result from the distribution of costs: Where employers have to bear a considerable part of the arising costs, this might influence their recruitment behaviour and restrict young women’s chances on the labour market, which can have an effect on their whole future life course. In Denmark the social partners recently (2004) decided to start a collectively financed maternity fund to avoid this effect.

Subsequent times of *parental leave* are covered to a far lesser degree, even if the right to take leave beyond the regulations of the EU-directive on parental leave exists in many countries. Cash benefits exist in a few European countries only (e.g. in France, Luxemburg, Germany), and if they exist they are usually restricted to persons with a certain employment record, they are means-tested and the maximum level cannot replace a wage. Sweden, where parental leave is compulsorily insured as a “social risk” and a wage replacement benefit of 80% is paid, is a rare exception in Europe. Another problem is that the existing parental leave schemes do not always give an employment guarantee, even if they give the right to cash benefits (e.g. in France).

The coverage of *eldercare* is even more limited. To date, a legal right to interrupt work for eldercare only exists in a very limited number of European countries (e.g. Sweden, the Netherlands). In addition this right is sometimes restricted to close relatives or to dying family members or the maximum period of time is very restricted.¹⁴ The loss of present or future income for the carer is usually not perceived as a social risk and therefore not covered in most countries. Again Sweden, where the carer can receive an 80% wage replacement benefit for up to 60 days per person in need of care, is an exception. Ireland and the United Kingdom also provide a “carer allowance”, but in these countries it is a means-tested benefit restricted to needy carers and has to be seen in the context of the low benefits provided within social assistance schemes. Where payments for private care are provided, it is usually the person in need of care who can claim the money, not the carer (e.g. in Germany, the Netherlands or Denmark). The dominant idea behind this is to give the person in need of care some financial autonomy (an idea which is very strong in the Netherlands, for example). The loss of employment income of

¹² The term “first pillar system” is used to describe the statutory core systems of old age security (e.g. national pension insurance), whereas “second pillar systems” are occupational pension systems, either compulsory or voluntary, that build up upon the first pension layer. The “third pillar” covers private savings etc. for old age.

¹³ In the Swedish case, paternity leave also plays a considerable role, in particular because it goes along with a wage replacement benefit, and because a part of parental leave (two months) is exclusively reserved for fathers.

¹⁴ In the Netherlands, the legal right to take time off for care is restricted to a maximum of 10 days; longer care leaves can be arranged within the scheme for career breaks, but the financing then is through an intertemporal shift of individual income by the carer.

carers, on the contrary, is not perceived as a risk that has to be covered collectively, at least not in a way that exceeds the protection of other "inactive" persons (see below).

However carers are sometimes supported as far as their future retirement income is concerned. In Spain, up to three years per child count for the pension system to cover periods of parental leave. In Germany, parents receive tax-financed pension claims equaling three years of full time employment for each child. The German social care insurance pays contributions for people engaged in private eldercare to the pension system. In the British state pension system, both work interruptions for childcare (until the age of 16) and eldercare (unlimited) are accredited and can fill gaps in the insurance career (home responsibilities protection). While there is no hierarchy of different times for care, the monetary equivalent of the credits is moderate; they only help to achieve the full, but low state pension. In countries with basic pensions based on citizenship or residence, e.g. Denmark or the Netherlands, care periods do not affect this general claim and discontinuous biographies are therefore better protected. However leave periods affect the protection in second pillar systems. This has to be regulated within collective agreements. As far as the Netherlands are concerned, a Dutch report from 2000 that had analysed the 100 largest pension funds made it clear that for more than three quarters of all insured persons a regulation existed that allowed them to build up pension claims while they made use of a leave scheme (e.g. parental leave, care leave, sabbatical leave).

In recent times the developments in the field of eldercare and workers' rights to take leave for this kind of care have been ambivalent. Whereas in some countries, for example Germany and the Netherlands, the social protection of carers in this field have been extended (either by leave options or by cash benefits or both), improving relatives' options to care, there is a clear trend in the Scandinavian countries, e.g. in Finland and Sweden, to abolish the obligation of children to take care of their parents as part of the overall trend towards individualization. Taking into account the general demographic trend and the increasing problems to finance public welfare it is quite probable, however, that increased time options and benefits for eldercare will necessarily be on the future political agenda in many countries. In the context of a management of risks over the life course this topic can be regarded as one of the crucial fields for regulation.

A third field that has to be analysed is the field of *inactivity*. The (commonly used, but of course questionable) notion of "inactivity" means that people are not active in the labour market, neither in registered unemployment, nor making use of a regulated leave scheme. Inactivity in this sense also covers people involved in care activities, as far as they cannot make use of a regulated leave scheme.

In the context of new risks and insecurities over the life course the question of whether states support phases of inactivity (and for whom) must not be neglected. One should suppose that a high financial support for inactivity (= a high level of decommodification) enlarges people's chances to cope with new risks and insecurities.

In fact no European country provides an unconditional basic income for all citizens. Social assistance schemes are means-tested everywhere (at least before people reach the age of retirement) and are increasingly bound to a required behaviour, e.g. the search for paid work. Yet a high level of decommodification still exists in some countries for *married spouses*. In spite of the general trend towards individualized taxation several European countries still give considerable incentives for the second person in the household not to work. Whereas the household profits from tax reductions, the marginal tax burden on the second income is particularly high. The highest tax subsidies for non-employed spouses (compared to a second full-time work) can be found in Belgium and Germany, where a second average full-time income in the household increases the net household income

only about 54% (Belgium) and 63% (Germany).¹⁵ In Great Britain, on the contrary, the increase would be 92% (Klammer/Daly 2003, Table 3). In some of the Scandinavian countries (Sweden, Finland) a family breadwinner's income is taxed with the same tax rate as the income of a single person (Koopmans/Schippers 2003). Yet this is not necessarily a characteristic of individualized tax systems. In the Danish case, spouses are taxed separately, but single earners in a family nevertheless profit from considerable tax credits (Dingeldey 2002: 158). Given the "philosophy" behind the Danish welfare state, however, this can hardly be interpreted as an instrument used to make women's labour market participation unattractive. Instead the context is the idea to leave the minimum of existence for each person tax free and to give people in certain life/family phases the option to leave the labour market for a certain period.

In some Bismarckian welfare states, for example France and Germany, spouses' inactivity on the labour market is still supported by the free coverage of inactive spouses by the health care insurance. In addition most conservative and Mediterranean welfare states provide derived coverage for spouses through quite generous survivors' pensions. This is particularly the case in Belgium, where married spouses can receive up to 80% of their deceased partner's pension, in Greece, where it used to be 70%¹⁶ or in Italy or Portugal (and some more countries), where 60% are paid. In the Scandinavian countries and the Netherlands, on the contrary, survivors' pensions have been abolished or at least restricted to special groups of survivors, and pension claims are stronger individualized.

How much the later pension income is reduced by periods of inactivity also depends on the notion of a "complete" insurance record. While in Germany this is 45 years, it is 40 in France and Italy but only 35 years in Spain. This implies that a limited number of "missing years" (e.g. in female working biographies) do not have any impact in the Spanish statutory pension system.

Subsidies for the one-earner family (and the one-and-a-half-earner family) give spouses (often women with children or other care obligations) some "freedom" to choose whether and how much they want to be engaged in the labour market. Although this form of decommodification must be considered as one approach to allow people to distribute their time flexibly according to their preferences and needs, it has led to a critical debate from the gender perspective (Dingeldey 2000, Klammer/Daly 2003). In fact from a life course perspective it can be criticized that this approach is limited to married partners. The empirical finding is that it has helped to reinforce traditional gender roles and time-arrangements (for a comparison between Sweden and Germany see Gustafsson 1992: 81). It is therefore limited to sub-groups of the population and even for them it covers only a certain part of their potential working life. In spite of the options derived rights can give to married partners to find their "desired" work arrangement in the household and to adjust it over the life course, this group of rights can therefore be regarded as inferior to universalistic rights. Universalistic rights for the individual citizen – for example general access to public health care, or a right to a citizen based minimum pension for all elderly citizens – can widen the individual's choice of working time arrangements independent of his or her marital status. Since universalistic rights are (still) most widespread in the Scandinavian welfare states, these countries obviously grant people with job insecurity and discontinuous work histories a better social protection, at least in some branches of social security.

A fourth field to be considered in the context of "missing" years of employment and social insurance over the life course is the field of *early retirement*. Early retirement always refers to the legal retirement age and the notion of a full employment career and therefore is a normative concept. A comparison of the legal retirement age in different European countries reveals that there has been some convergence towards the age of

¹⁵ Assumption: The first person earns as much as an average production worker (APW).

¹⁶ 50% for people who have become insured after 1992.

65. However there are currently still some differences in the first pillar systems (e.g. 60 for both sexes in France and for British and Austrian women), and age thresholds differ even more when systems for special groups or second pillar systems are included in the comparison. In some countries – in particular in Sweden and Italy – the retirement age is flexible, and the chosen retirement age determines the level of pension. Other countries (e.g. Germany, Austria, Spain) allow early retirement under certain circumstances, for example after long-term unemployment, or for certain professional groups. In most cases early retirement goes along with pension reductions. Options for late retirement (after the legal retirement age) are more widespread (VDR 2003: 451 – 453). Usually this goes along with increased pension benefits. Making the retirement age more flexible is without doubt a way to give people more options to organize their labour market engagement over working life according to their individual needs and preferences. It must be taken into account, however, that this is an individualized option that gives no answer to the question how people with particular job risks and time needs over the life course (e.g. for care) can be compensated. In addition it can be expected that in times of high unemployment and labour shortage elderly employees are pushed towards retirement, if retirement is possible.

Pension reductions/supplements for early/late retirement are increasingly used as a steering instrument. Whereas today pensions are reduced by 3,6% per year of earlier retirement in Germany, it is 6% in Sweden and up to 8% in Spain. On the other hand pension supplements for retirement beyond age 65 is credited with only 2% per year in Spain, but 7,5% in Great Britain and even 8,4% in Sweden (BMGS 2003, European Commission 2003, VDR 2003). Obviously the Spanish regulation mainly aims at making early retirement unattractive, whereas the focus of the Swedish regulations is on encouraging people to further postpone retirement. Plans of the British Labour Government to increase pension supplements to 10% per year of postponed retirement (Greenbook of 2002, see VDR 2003: 416) show that this will probably become a common answer to the political challenge to prolong working life.

Social Protection of people with reduced working hours (regular or marginal part-time work)

If the level of income and social protection of people with part-time work is concerned, it has to be discussed whether their situation is better or worse compared to standard full-time employees a) *in absolute terms and/or b) in relative terms* (compared to their "investment" into the systems, e.g. by contributions).

As far as *present cash income from work* is concerned, the number of public schemes directly subsidizing the (gross) income of part-time workers are limited. Subsidies (e.g. wage subsidies, subsidies for social security contributions) are often directed to support people with low income and low chances on the labour market, but not directly people with reduced working time. Several countries (such as France, Luxemburg or Germany) provide the opportunity to take parental leave on a part-time basis and to combine this with cash benefits. The combination of leave and benefits in these schemes usually requires that neither a certain income threshold nor a maximum number of working hours are exceeded. One of the rare schemes that directly subsidize the income during part-time work is the German partial retirement scheme. This scheme guarantees elderly participants considerable wage-related subsidies for their part-time income and their contributions to the pension system. In the case of part-time work of parents (with children up to age 10) there are no subsidies to the present income, but also subsidies for the later retirement income:

Whereas direct cash subsidies for part-time workers are rare, *tax credits* are common in EU-countries. Individuals working part-time – voluntarily or involuntarily - usually profit from lower tax rates compared to full-time workers due to progressive tax systems. The

more progressive the tax system is, the more “attractive” is (c.p.) a part-time job. On the household level the situation is more complex, because the modus of taxation (joint or separate taxation of couples, or the possibility of choosing between both options, as in Ireland or Spain) is an additional factor. In some countries the taxation of spouses or families does not only give incentives for the inactivity of the second person (see above), but also for part-time work. Among the countries considered, Germany is the one which gives the highest monetary incentives for spouses to work part-time instead of full-time (together with other continental states such as Belgium and Luxemburg, to a more limited degree also in the Netherlands). Spouses hardly get any incentive to do so in Great Britain, Spain, Sweden and France. Except for France, the latter countries tax couples individually and a second full income in the household is not particularly “punished”. On the other hand the financial incentives for non-working spouses to take up a part-time job are very limited in Germany, Belgium and France, they are moderate in Sweden and the Netherlands and quite considerable in Spain. In Great Britain, taking up a part-time job is financially attractive for inactive spouses since the net household income increases proportionally to the gross household income (Klammer/Daly 2003: 216).

Following the EU-regulation on the non-discrimination of part-time work, today regular part-time work usually gives *access to all branches of social security*. In particular the Dutch legislation has aimed at the abolishment of all kinds of discrimination of part-time workers during the last years.

Part-time workers – as well as full-time workers with low wages - often even get a better *return on investment* as far as the relation of social security contributions (or taxes) and benefits is concerned.

In the unemployment system, this mainly happens in the field of active labour market policy where unemployed persons who were formerly part-time workers often have similar rights and obligations to participate in activation measures as former full-time workers. Cash benefits, on the contrary, are directly related to former income in most countries, but in some countries part-time workers get higher replacement rates (e.g. in Denmark), or flat-rate benefits (as in Great Britain) have a similar effect.

In particular part-time workers can “profit” from the *public health care systems* (health insurance or National Health Service) compared to full-time workers. In Spain, Sweden and the United Kingdom medical treatment in the national health system is tax-financed and all citizens are covered; here part-time workers have a better return on investment than full-time workers but pay more (via their taxes) than inactive persons. In the Netherlands and Germany the general finding is the same and even more obvious because medical treatment is financed by earnings-related social security contributions. The difference between these two countries is that the Dutch health system (AWBZ) is a universal system, covering all citizens (as long as they don’t leave to be insured by a private insurance), whereas the German statutory health insurance only covers employees with an income above 400 €/month and their inactive dependants. People with marginal¹⁷ part-time jobs do not get access to the system through their employment contract. Although a considerable part of them is in fact covered through marriage, this is an obvious gap in the social protection of people with flexible jobs.

In the *old age insurance* the redistributive effects in favour of part-time workers differ considerably. They are relatively small in Germany where the pension system is mainly oriented towards the idea of equivalence between (individual) contributions and the level of pensions. Part-timers do not get less than full-timers for each Euro of contributions to the system, but on absolute levels their pension income will usually be much lower than

¹⁷ There is no common European definition of a “marginal” part-time job. The idea of precariousness in relation to jobs also differs between European countries, see Düll 2002, Barbier 2004.

the pension of somebody with a continuous full-time career. Only some part-timers – in particular part-time working parents and elderly workers in partial retirement – can profit from redistributive schemes.

In countries with minimum pensions or basic pensions based on citizenship, part-time workers can profit from redistributive elements to a far bigger extent. The Scandinavian countries, providing basic pensions for all citizens (e.g. Denmark, the Netherlands) or at least decent minimum pensions for citizens with insufficient claims towards the pension insurance (Sweden after the pension reform of 1999), make it much easier for their citizens to choose or to cope with a part-time employment. Great Britain also has a minimum pension in the first pillar system, but the level of this pension is below the guaranteed minimum of existence for pensioners (Minimum Income Guarantee) and therefore not sufficient to prevent poverty in old age. In future part-time workers will profit from the new "State Second Pension" implemented in 2002, however. This scheme will in particular increase the claims of employed people with low income from work (e.g. part-timers) compared to the former SERPS-system (VDR 2003: 401).

In Spain, the insurance-based statutory pension system provides a contributory minimum pension, but for this benefit at least 15 years of contributions are required, and marginal part-time jobs do not count. Taking up a part-time job in the second half of one's working life (e.g. after a period of child-raising) is also disadvantageous because the calculation of pensions is based on the income during the last 15 years of one's working career. Needy elderly, however, have the right to get a non-contributory, means-tested minimum pension.

As the analysis has shown, there are various redistributive elements in favour of part-time workers in most social security systems. In spite of these *relative* advantages for part-time workers compared to full-time workers, part-time work might be perceived as unattractive and precarious from the individual perspective. Pension systems with a relatively strong equivalence principle in the pension formula, as the German one, lead to a "loss" of potential pension income compared to a full-time job. This effect is much more limited in countries with a 1st-pillar system based on residence or citizenship (as the Dutch or the Danish system), or where decent benefits are guaranteed for people with insufficient insurance claims (as in Sweden). In these systems, a relative "loss" of pension income through part-time work only occurs at the level of occupational pensions (and private savings).

In countries with strong elements of derived social security benefits based on marriage the take-up of a part-time job can also be unattractive because it leads to the obligation to pay social security contributions without generating new claims, or existing derived claims are reduced. In the German case, for example, married women who take up a job have to start paying contributions into the health and care insurance. Before working they were insured in these systems through their husbands without paying contributions. Other benefits, such as tax credits or survivors' pensions, are reduced or even eliminated in the case of own income. These regulations can be regarded as one reason for the slow increase of female labour market participation in countries with a strong breadwinner model, in particular the conservative and the Mediterranean welfare states. Social security regulations can therefore limit the readiness to accept part-time employment among both the full-time workers and the inactive persons. In the long run this generates additional risks and insecurities in today's societies in which adults are increasingly expected to be able to earn their own living.

In addition the relatively positive picture of the social protection of part-time work in some countries does not hold for people with marginal part-time work. In Germany incentives to take up marginal part-time jobs have recently (April 2003) been increased in spite of the fact that they only give very limited access to social protection (Koch/Bäcker 2003). The preference for these jobs especially among married women

results from the fact that they get their social protection “cheaper” as long as they are inactive or only have a small part-time job. Thereby social protection systems help to keep up the traditional breadwinner model.

Social Protection of people with flexible distribution of working time (e.g. working time accounts, time banks, annualised hours)

Working time accounts, time banking or the annualisation of working hours are working time systems oriented towards a flexible distribution of working hours over a period that is longer than the traditional working week. None of the terms defines the level of time sovereignty given to the employee within a certain scheme; it therefore remains open whether or not the employee can actually use a certain flexible working time system to structure his working time according to his individual needs or whether the time scheme is an additional source of insecurity for him.

Following the 1993 EU Directive on the organisation of working time (93/104/EC), many European countries have meanwhile developed a legislative framework that allows a flexible distribution of working time over longer reference periods as long as the normal limits (e.g. concerning the maximum weekly working hours) are maintained on average. The maximum reference period varies. Most countries allow a reference period of 12 months, but in some countries this requires a collective agreement (e.g. in Denmark, Ireland, Italy and the United Kingdom; for an overview see EIRO-online 2003). Statistical information on the coverage of employees is still very limited. In Germany, meanwhile about 40% of all employees are covered by working time accounts. In a Dutch survey from 2002 28% of the respondents (employees) said that they were able to participate in a so called “verlofspaarregeling” (working time account) and 11% actually used this (Korteweg/Tijdens/de Winter 2002).¹⁸ The EIRO-report comes to the conclusion that annualisation schemes are most common in Germany, Denmark, France and Spain, followed by a second group with Belgium, Finland, Italy and Luxemburg, whereas coverage is very limited or non-existent in some other countries such as Austria, Ireland, Greece or Portugal (EIRO-online 2003: 17).

So far there is hardly any research being done on the impact of working time accounts or annualised working time schemes on social protection. The following analysis for the German case – where working time accounts (WTAs) are most widespread - can serve as an example of how many aspects have to be regarded when the relationship between new flexible working time schemes and social security is scrutinized.

When the period of work and its compensation (through salary payments) fall apart, as it is usually the case with “saved” sabbaticals or long-term working time accounts, the question arises when social security contributions have to be paid and which periods are covered by the social insurance systems. In Germany the “Law on social protection for flexible working times” (Gesetz zur sozialrechtlichen Absicherung flexibler Arbeitszeitregelungen) in 1998 regulated some of the problems. Since then, social protection is guaranteed in all branches of social security in most cases where employees have contracts that allow them a flexible distribution of working time and the saving of time for time-out phases.

Nevertheless there are certain risks for employees with flexible working time schemes such as long term WTAs. Problems arise in particular when unforeseen developments on either the employee’s side or the employer’s side (such as illness, death or unemployment of the employee, or insolvency of the company) bring the contract to an untimely end. If the employees cannot fulfill their contracts or use up their time credits, e.g. due to illness or death, a complicated procedure that annuls the effects of the WTA is

¹⁸ Lower take-up rates (6%) for Dutch employees are reported by van Luijn and Keuzenkamp (2004).

set into place (Wonneberger 1998: 983). In the case of the unemployment of an employee saving for a sabbatical, unemployment benefits are not calculated according to the reduced salary, but according to the former full salary. Once the sabbatical has started, however, they are calculated on the basis of the reduced income level. If the employer has to set his staff on short-time work due to work shortage in the company, workers have to use up a part of their savings in WTAs before they can claim social security benefits. This limits their time sovereignty and it also means that they have to accept a reduction of social security, namely a reduction of collectively financed cash benefits.

In the case of insolvency of the employer the payment of the salaries for the last three months preceding the date of insolvency is guaranteed. As far as savings on long term WTAs are concerned, however, there is a big deficit so far. The law contains the duty of employers to insure working time credits of their employees against insolvency. But an empirical investigation has revealed that to date the majority of German companies with WTAs *do not* have an insurance for WTAs in case of insolvency (Schietinger 2003).

Similar problems may arise within partial/phased retirement schemes. The current German scheme, introduced in 1996, works similar to a WTA, but with subsidies: When the so-called "block model" is chosen, the worker continues working full-time for the first half of the contracted period (usually 5 years) and stops working during the second half. He receives a constant – subsidised - salary over the whole duration of the contracted scheme.¹⁹ Again deficits in the protection of partial retirement contracts against insolvency of the employer had been obvious for years, before a law finally obliged companies to insure credits from phased retirement schemes against insolvency (since July 2004).

The introduction of flexible working time schemes can help to replace external flexibility (making people redundant) by internal flexibility. What can be regarded as an advantage from the individual employee's perspective is the stabilization of income (income security) and the increase in job stability (job security). However it has to be taken into account that the prize of this strategy is that the costs of unemployment are shifted towards the employees. They usually accept a loss of income in case of labour shortage in exchange for their job security, while costs for the employer and the collective unemployment insurance are reduced. This can be one reason for the fact that in some countries (e.g. Denmark, Ireland) employers are much more in favour of flexible working time schemes than employees (EIRO-online 2003: 15). Yet working time accounts and annualised hours can contain a big potential to avoid dismissals and to limit job insecurity.

¹⁹ The partial retirement scheme can therefore be called an "integrated" option, where the time option is combined with collectively financed monetary benefits.

4. Some political implications: crucial objectives of a flexicurity policy based on a life-course approach

What are the challenges of labour flexibility, job insecurity and new biographical risks as far as social security and social cohesion are concerned? What are the challenges that in particular arise from the new risks to which younger cohorts and the low qualified are increasingly exposed, such as shorter and more discontinuous working biographies, unemployment and involuntary transitions?

As far as social security is concerned, the challenge to be met can be described as finding a new equilibrium between 'commodification' and 'decommodification', to use the terminology of Esping-Andersen (1990).

Commodification in this sense means that help for (re-) integration into the labour market has to be offered. This can include assistance at the beginning of one's working life, after periods out of the labour market or after periods of reduced or precarious labour market participation, but also support for mobility (e.g. regional mobility, job mobility). The topic of commodification has been pushed a lot by the shift towards an 'active welfare state'. But, in spite of the general trend towards activation, countries differ widely in the degree and targeting of the help offered, as well as in the level of coercion they employ (Lødemel and Trickey 2001).

Decommodification means independence from the labour market through the right to leave the labour market in certain situations and life phases, and in particular through financial support for these phases. This has not been made superfluous by the shift towards the active welfare state. On the contrary: there is a need to rethink and redefine under which circumstances and for which phases people are not expected to gain a living through work, and how these periods (before, during and after the 'potentially active' phase) can be covered.

Empowering people with regard to flexibility includes protection against non-acceptable flexibility and insecurity as well as support for desired flexibility. This does not only refer to a certain work situation or a certain moment in the individual's life, but it should be conceived as a concept for different stages in life, taking up a longitudinal life-course perspective. Among the questions to be tackled from the life-course perspective are the following:

- How can continuity in working life be supported and involuntary discontinuities be avoided?
- How can desired flexibility and discontinuity in terms of time use be enabled?
- How can transitions be supported?
- How can a "decompression" of working time be achieved?
- How can cash benefits and other forms of financial support be reallocated?

The following considerations will be oriented towards these fields of action. It will also be discussed whether and how the measures discussed can contribute to social cohesion, as it is conceived in the Council of Europe's "tree model".²⁰ In particular it has to be asked

²⁰ See the "Guide méthodologique pour l'élaboration des indicateurs de la cohésion sociale", Séminaire indicateurs de cohésion sociale, Venice 12-13 february 2004 ; Wilthagen 2005 :3.

how equity, dignity, autonomy and participation - the four dimensions of well-being described in the Council of Europe's tree model – can be supported.

Support for continuity and upward mobility

Whether 'atypical' employment relationships or interruptions to employment prove to be precarious for the people concerned depends, among other things, on their cumulative duration and development over the individual's life course. A short employment spell with a small part-time contract, or a short episode of unemployment (e.g. after moving to another region) might neither leave a (considerable) trace in people's employment and social security record, nor in their confidence and self-esteem. Long or repeated periods of unemployment or marginal jobs, on the contrary, usually have a major impact on one's income, one's claims to social security as well as one's personal self-esteem and the belief in future chances on the labour market. One key task of labour law and social security systems therefore is to give support for continuous employment and upward mobility. This refers in particular to the long-term prospects of people with unstable jobs. Action in this field requires some more knowledge about *long-term* risks of 'atypical' jobs (e.g. fixed-term contracts, agency work and hiring-out of employees, 'mini-jobs') and interruptions of the work biography. Specific health risks, unemployment risks or income risks that might occur in the long run have to be identified. Fixed-term contracts, for example, not only contain a higher risk of future unemployment than regular jobs, but might also lead to increased stress due to the feeling of insecurity (Pearce 1998; De Witte *et al.* 2002). For the life course, not only actual events or discontinuities play a role, but also the respective expectations and fears. According to OECD data, the subjective feeling of job insecurity increased in seven European countries between the mid-1980s and the mid-1990s; this trend was most significant in Great Britain, Germany and the Netherlands (OECD 1997: 129-160; Walker *et al.* 2000: 20-31). High subjective job insecurity can negatively influence people's professional performance. But it can also lead them to refrain from decisions such as marriage or family formation (for a differentiated analysis of the effects of job insecurity on people's well-being see Burchell 2005). This possible impact of growing - perceived and/or real - job insecurity and the demographic development in Western Countries – low birth rates, e.g. because young people refrain from or postpone parenthood – has not yet been taken up sufficiently in the demographic debates.

A sustainable concept of flexible work therefore requires some effort to prevent occupational diseases and stress by limiting job insecurity. High benefits in cash and kind in the event of job loss might help employees to accept the risk of becoming unemployed, as the Danish example shows²¹. Employment contracts with temporary work agencies that guarantee a certain continuity of work and remuneration without guaranteeing employment in a *specific* company are another way of combining flexibility and security over time. This can be combined with training periods subsidised by the unemployment insurance/labour office during periods when the employees cannot be rented out; in Germany the recently introduced so-called PSA (Personal Service Agencies) follow this way.

Are flexible jobs, e.g. temporary contracts, stepping stones to a permanent job or dead-end roads? If one examines the existing studies about this topic, the results are mixed (see European Commission 2004, chapter 4). Actually some studies come to the result that temporary employment seems not to be a "trap" but a springboard towards permanent employment, whereas other studies suggest that the impact depends very much on the duration of the fixed-term contract as well as the number of temporary jobs

²¹ Interestingly, the subjective feeling of job insecurity is higher in Germany (in spite of the quite rigid employment protection legislation) than in Denmark, where hardly any employment protection legislation exists (OECD 1997; Walker *et al.* 2000).

and unemployment spells.²² The studies also reveal considerable differences according to institutional settings, gender and educational attainment of the workers under consideration (ibid.: 186).

When regulating flexible jobs through labour law, emphasis should therefore be put on the *pathways* from more flexible to more secure jobs to make sure that flexible work is not a dead-end option. Within the Dutch approach towards flexicurity, this is one of the key areas of regulation, e.g. in the so-called 'Flex-Wet' introduced in 1999. This law gave workers with flexible jobs (such as on-call work or temporary work) more legal security and defined the path towards more stable employment. This development has been enforced by a collective agreement for 1999-2003 in the sector of temporary agency work by which agency workers gradually acquire more rights in line with the ongoing duration of their employment relationship (Wilthagen 2001: 18).

At the *company level*, the most effective way of supporting continuity in times of economic crisis and decreasing demand for labour is by replacing external forms of flexibilisation (in other words, the laying-off of employees) with internal forms of flexibilisation – such as adjustment of working times as well as further training of employees to equip them to meet new content-based requirements. In Germany, new regulations on working time accounts and 'opening clauses' in collective agreements have greatly extended the freedom of action of companies in this field, and these options are increasingly being used. Employees contribute to this strategy of flexibilisation by accepting (temporary) cuts in income in exchange for employment stability. It can be criticised that the replacement of external flexibilisation with internal flexibilisation can lead to a privatisation of the costs of labour market adjustment: It is not the (collectively financed) unemployment insurance that pays, but employees and employers bear the costs individually (e.g. by accepting a reduced wage or working time for a certain period, or a certain reduction in flexibility because employers guarantee that nobody will be dismissed for a certain time). But it has to be taken into account that employees can secure their human capital, which is an advantage for the employer, too, and the strategy of internal flexibilisation can therefore lead to a win-win-scenario. The advantage for the unemployment insurance is obvious: internal flexibilisation keeps down expenses compared to layoffs. One incentive for the promotion of this strategy would be to *reward* companies for replacing dismissals by internal adjustments. This could be done, for example, through tax relief or by making transfers from unemployment insurance funds. Bigger companies usually have a range of possibilities of making use of functional flexibility to re-train and re-arrange their staff for new or different tasks. Smaller firms, on the contrary, often have only restricted options to adjust to changing circumstances and changing labour demand by means of internal labour markets²³. In this context, it has to be ascertained whether and how the options and the costs of dismissals should be differentiated according to the size of the company. In any case it is important that employers make clear what is going to happen and what the criteria for eventual dismissals are. As studies have shown it is the uncertainty, ambiguity and lack of information about what is going on that is decisive for the employees' feeling of insecurity and hence their psychological well-being (Burchell 2005: 9). An open communication can reduce these stressors and thereby contributes to people's well-being.

In terms of social security one of the main problems of flexible jobs and discontinuous working biographies is that these may be accompanied by an equally discontinuous coverage by social insurance (Klammer 2000). The challenge therefore is to give people in non-standard jobs access to social security systems.

²² In a paper by Gagliarducci (2004) the probability of moving from a temporary job to a permanent one increased with the duration of the temporary contract, whereas repeated temporary jobs and in particular unemployment interruptions reduced the probability of a transition towards a permanent job (European Commission 2004: 186).

²³ In Germany recent labour law reforms have stressed this differentiation, e.g. in the field of protection against dismissals.

The focus of social security on providing security for different status and life phases – a precondition for social cohesion - should comprise an ‘empowerment’ element geared towards helping employed people to maintain (or regain) their employability. This goes along with the idea of “participation” in the European Council’s tree model. The development of concepts for lifelong learning plays a key role in this area. This approach is currently considered to be of central importance within the framework of European Employment Strategy (see already the European Commission’s ‘Memorandum of Lifelong Learning’ from 2000). Lifelong learning is directly linked to workers’ employability and the life-course perspective. Training and lifelong learning appear to be crucial given the specific problems faced by the low qualified on the flexible labour market. At present, the low qualified workforce as well as older workers – both problem groups of the labour market – are strongly underrepresented in training measures. Across the EU, only 2.7% of low qualified workers of prime age participated in training in 2001, whereas the figure was 15.5% among the highly qualified of prime age. Among older workers, it was 1.8% of the low qualified and 9.7% of the highly qualified (European Commission 2003: 173). Differences between countries are considerable, however. In Denmark, for example, participation by older workers in training measures is nine times as high as in Germany (Braun 2002: 671). Employers will only offer training to low qualified or older employees if they can expect a positive return on their investment. The foreseeable trend to delay the age at which older workers can withdraw from the labour force could raise incentives for employers to invest in lifelong learning since it will extend the time span pay-off period (European Commission 2003: 174).

The employee, the employer and the state can all profit from lifelong learning, since it is a prerequisite for continuous employment. The employer profits because training employees according to the companies’ demands can reduce costs for illness among incapable and stressed employees, as well as costs for early retirement, dismissals or the hiring of new staff. The employee profits because training increases their adaptability (functional flexibility) both within the company and between companies in the external labour market. The state and the social insurance system profit when unemployment can be avoided. Therefore all the above-mentioned actors should be involved in the financing of training activities. Companies can offer learning time accounts as a flexible instrument for employees to save time for training throughout their employment history (Keller and Seifert 2002). However, empirical evidence shows that employers tend to focus training on their core staff; collective agreements also show a bias towards insiders (Wilthagen 2001: 17). Although the European Commission in its concept of lifelong learning stresses the role of social partners in regulating offers for training, the flexible workforce and groups with high labour market risks will also need additional offers for training. The state could offer state-funded entitlements for target groups with special labour market risks, e.g. tax-financed training vouchers (Wilthagen 2001: 17). Another option to involve the employee and the social security system would be to change the unemployment insurance into an ‘employment insurance’ (Rabe and Schmid 1999, 2000) or ‘employability insurance’: the idea is to reserve one part of one’s social security contributions for a personal training account that can be used to finance stages of qualification. In the Netherlands, the government has promoted the idea of using existing workers’ savings schemes to finance further education and training, or personal development accounts for those who do not have adequate financial resources of their own (Stuurgroep Verkenning Levensloop 2002; European Foundation 2003: 131).

Support for discontinuity

A second important task for labour law and social security is to support flexibility and discontinuity over the lifetime where it is needed. This seems to contradict the first task described above, the “support for continuity”. But in fact it is an important prerequisite to reduce insecurity and to empower people with respect to flexibility. Actually employees have different time needs in different phases of their life. This has become more obvious

during recent years when women have increasingly entered the labour market but the question of social care (for children, or the frail elderly) has remained in part to be solved privately. If no better solutions to work-life-balance and the reconciliation of work and care are developed, this will be a major threat to social cohesion.

The wide-spread tendency in welfare state reforms to expect all able-bodied adults to earn their own living has been discussed as the 'adult worker model' (e.g. Leitner/Ostner/Schratzenstaller 2004). An acceptable 'adult worker model' would have to allow variations and fluctuations in working times for people in different life situations and with different priorities (Klammer/Klenner 2004). The job of the state is to generate the legal framework for different time-based options and to decide which of these options are to be financially supported by means of social welfare policy. This includes legal rights to adjust one's working time (working time reduction/working time extension) as well as options to leave and to re-enter the labour market (e.g. for parental leave). All European countries have some legal options to adjust working time or to leave temporarily the labour market (at least for maternity leave). Some of the German reforms of recent years – such as the 'Law on Part-Time Employment and Fixed-Term Contracts' and the 'Law on Child-Raising Allowance and Parental Leave' (both adopted in 2001) have been steps in this direction, for example. However, a systematic approach to working time adjustments over the lifetime is still missing.

In an employment-oriented society, there is not only a need for work release entitlements for people who have to care for children, but also for people who have to care temporarily for adult relatives in need of care. Rights of this kind already exist in some countries, e.g. in Belgium, Sweden or the Netherlands (Plantenga and Koopmans 2002: 164), but in spite of the demographic change they have not (yet) become common in Europe.

At the same time there is clearly a limit to the influence of the legislator when it comes to the family-friendliness of the working world. The German provisions on parental leave (that are 'generous' in an international comparison in time-based terms) can be taken as an example. The right of mothers (parents) to take advantage of parental leave and to employment security during this phase is regularly undermined in practice in cases where those affected are in fixed-term employment – something that is increasingly common among younger employees in particular. Other time-based options (such as access to sabbaticals) are also often confined in practice to the core workers who are on unlimited employment contracts.

It therefore has to be taken into account that companies are becoming increasingly important as complementary actors on the 'work and care stage'. Due to the direct interrelationship between company working hours and the day-to-day arrangements of families, the regulation of working time is the main area in which company-level measures can help to improve the reconciliation of work with family life. Companies implement the framework defined by the state and by collective agreements and they draw up provisions to operate within this framework. A recent (2003) survey of works councils in Germany conducted by the WSI²⁴ shows that, in the overwhelming majority of companies, employees have options to adapt working hours to suit the requirements of family life (within the limits set by the company)²⁵. Currently, in about 90% of German companies, there is some kind of option for the flexibilisation of working time to suit family demands. The option of taking time off in lieu to compensate for overtime previously worked exists in three out of four companies and is the most frequently cited means of adapting working time to the needs of the family. Other options that play a role are flexi-time, whereby the employee can flexibly choose when to start and end the

²⁴ Institute for Economic and Social Research, Düsseldorf/Germany.

²⁵ A company survey conducted by the Hertie Foundation (Hertie Stiftung 2003) arrives at the same conclusion.

working day, part-time work, or coming to some kind of informal arrangement with superiors or other team members.

An important field for flexibility is the area of working time accounts (WTAs). Many German companies have introduced WTAs since the mid-1990s, mainly for economic reasons. Working time accounts currently exist in about 30% of companies employing about 40% of the workforce (Bauer et al. 2003: 183). WTAs that create options for the *location and distribution of* working time can be used in various ways to meet time needs of employees. But employees can only use flexible working times to suit their requirements if they enjoy wide-ranging *access rights* to their saved-up working time credits. The existence of a flexible working time model per se tells us nothing about whether it helps to meet the employee's interests and needs. The specific provisions relating to these working time accounts and the *'time sovereignty'* are the decisive factors.

From the point of view of employees with care responsibilities, concepts for working times in companies must cater to several requirements:

- Working times should be predictable and reliable;
- there should be flexibility to address family-related needs (e.g. via autonomous withdrawals from working time accounts);
- there should be options in the area of working time duration (e.g. switching between full-time and part-time and vice-versa as well as different working hours for part-time employees);
- there should be the option to obtain time-out phases for the busy periods in an individual's life;
- overtime that does not create some kind of 'time credit' should be avoided;
- weekend or evening work should be minimised as these are the most important communal times for parents and children (Klenner et al. 2003).

The most important regulatory instrument for working times in Germany is the sectoral collective agreement, although company-level arrangements are playing an ever-increasing role. Company-level agreements need to be negotiated in the companies to ensure that decentralisation does not automatically translate into deregulation. Only in very few cases are the existing collectively agreed provisions explicitly geared towards the reconciliation of work with family life. This is an area in which the collective bargaining parties and the players at company level still need to make up lost ground.

It appears, however, that the *'working culture'* within the company is more important than specific company-level provisions, as Hochschild (2002) has convincingly shown in a US-study. Ultimately, the necessary social policy debate on role models should lead to a paradigm shift in companies, creating a situation in which each employee is automatically also seen as a person with time needs beyond paid work, e.g. as a care-giver or as somebody involved in other socially relevant activities (Klammer/Klenner 2004). This means that companies should no longer base their planning concepts on the assumed norm of the (male) employee – particularly the qualified (male) employee – who is freed from the full range of household duties.

The more smoothly the concepts for working time adjustments operate, the lower the potential for disruptions to company routines and the lower the risks of additional costs being incurred (e.g. due to the absence of parents from the workplace). The state can require or encourage companies to adopt a more family-friendly policy by introducing statutory provisions and creating incentives of various kinds – such as tax benefits for companies which provide certain family-friendly services, by making the awarding of public contracts dependent on family-friendly corporate policies, or through certification

schemes and public awards. The collective bargaining parties – the employers' federations and the trade unions – and the negotiating parties at company level – the employers and the works councils – can agree on options pointing in this direction. Since 2001 when the amended Works Constitution Act came into force, German works councils have been responsible for promoting the reconciliation of work with family life. Following this regulation, this topic has been the subject of discussion in a large number of companies during the last four years. This can help to pave the way for the better integration of employment and care and to reduce workers' insecurity concerning their future work-life-balance.

Economic arguments may create a greater incentive to ensure that personnel policy in companies is more family-friendly. A cost-benefit analysis of the economic effects of family-friendly measures in ten German companies showed an average return on investment of +25%. The study also showed that family-friendly policies avoid over 50% of the costs incurred as a result of the lack of reconciliation of work and family (Prognos 2003). Savings for companies occurred in particular in the fields of bridging, fluctuation and reintegration costs.

What remains unresolved is the question of how companies can be motivated to implement family-friendly working time policies not only in times when qualified employees are scarce or for core employees who they want to keep but also for employees with lower-level qualifications who are easier to replace.

Support for transitions

Both in cases of involuntary discontinuities (e.g. in the case of unemployment) and in cases of voluntary discontinuities (e.g. in the case of sabbaticals or parental leave) transitions from status to status occur. An important field for a policy oriented towards empowerment and the reduction of insecurity is to support these transitions and to limit the negative effects of transitions in the field of social security. An urgent task, for example, is to improve the portability of occupational pension claims in the event of job changes. To date, long minimum waiting times for occupational pensions often disadvantage employees who change their jobs. When pension claims cannot be transferred, this limits labour market flexibility and employees' mobility. An example of good practice in this field is the German pension reform of 2001 whereby the portability of occupational pension claims has been increased considerably.

In particular, support may be necessary for re-entry into the labour market. Help for transitions requires an extended access to active labour market policies for certain groups, but also to cash benefits to help people during transitions. The combination of empowerment strategies and monetary security provisions also paves the way for individuals voluntarily to take on – and master – the accompanying risks. An example is the decision to become self-employed. Counselling and monetary transfers for a limited period as well as social security rights can help people to start their own businesses and can pay back in the long run. Transitions and patchwork biographies require an extension of the coverage of social insurance systems, since new groups of workers with atypical jobs or career breaks in particular suffer from exclusion from the systems and insufficient social security rights.

The transition (back) to work has for years now been at the core of Western welfare state reforms and the re-orientation towards the 'active welfare state'. Most countries have introduced or extended programmes directed towards the activation of the unemployed. Many evaluation studies (e.g. on the British 'New Deal' programmes) unfortunately do not provide much information on the long-term consequences of activation. On the aggregate level, however, overall economic development seems to remain one of the

decisive factors for the 'success' of labour market integration through activation (Cebulla 2002).

In spite of the common terminology of activation there are still huge differences as far as the methods, the targeting and the degree of activation are concerned. What also differs considerably is the degree of coercion employed. In their European comparison, Van Berkel and Hornemann Møller (2002: 54) identify at least four different philosophies behind activation in Europe. They range from strictly paternalistic approaches to approaches that stress the autonomy of the individual. Consequently, the impact of 'activation' to 'social cohesion' can differ considerably. A strategy of activation that is focused on empowerment can contribute to social cohesion because it complies with the four dimensions of well-being as described in the European Council's tree model: the general goal is to improve people's chances of *participation* (in the labour market), giving them *autonomy* (to earn their own living and to be independent of welfare assistance). This can be regarded as a precondition for *dignity*. Last but not least the idea would be to increase *equity* by avoiding the gap between insiders and outsiders of the labour market. A paternalistic and coercive approach of activation would still claim to improve *participation*, but risks to ignore the *dignity* and *autonomy* of the individual. It can therefore be questioned whether such an approach of activation can still be of profit for social cohesion within a society. This implies that the normative discussion about different approaches of activation has to be continued in Europe.

Within the 'transitional labour market approach' many elements and structures that could serve as bridges between one status and another and could therefore help to master transitions have been identified and analysed (see e.g. Rabe and Schmid 1999; Schmid 2000; Schmid and Gazier 2002). Instruments that have proven their worth in practice in Germany are so-called 'transfer companies' that prepare employees threatened by dismissals for a new job and subsidies that help people to become self-employed. Some new instruments to help people during transitional periods like the 'personnel service agencies' or the 'Ich-AG', a state-subsidised self-employment scheme, still need to stand the test of time.²⁶ What is required is to develop further the transitional labour market approach in a normative way. It is necessary to clarify what transitions should be covered and to rank the instruments according to their importance. In a life-course perspective, priority should be given to those transitions and transitional labour markets that help to prevent the *long-term marginalisation* of specific groups at risk.

From a life-course perspective, a very important future task will be to re-organise and to support both the first entry and the final exit of people from the labour market. It has to be acknowledged that both transitions have changed their character. They are no longer transitions in the strict sense but have developed into complete phases of their own (Gautié 2003). The entrance phase is usually characterised by unstable jobs and short spells of unemployment. It frequently lasts for several years until the first permanent job is attained. The exit phase might also consist of a phase of unemployment, a partial or phased retirement scheme, an early exit as a result of inability, etc.

Looking at the average concentration of the active phase into fewer and fewer years in life an important goal would be to reverse the trend towards a later entry into the labour market, in particular by better organising and condensing education at school and university and by avoiding early gaps between phases of education or between education and the first job. This applies in particular to some of the 'conservative' and the 'Mediterranean' welfare states within the European Union.

The retirement age should become more flexible to enable people to decide on their final exit from the labour market according to their own preferences and financial means.

²⁶ Recent data on the 'Ich-AGs', however, leave some scepticism about this instrument; many of the subsidised self-employed meanwhile had to give up their businesses .

Some countries – for example Italy and Sweden - have reformed their pension systems in this direction during the past years. To enable people to stay in the workforce longer according to the European Union's 'Stockholm' and 'Barcelona targets' (that aim at increasing the employment rate for older workers as well as the average retirement age), options for partial retirement that take the physical and mental exhaustion of many older workers into account have to be developed or extended. Financial incentives for employers who hire the older unemployed could also help to meet the Stockholm and Barcelona targets. A 'decompression' of working life would not only help to regain financial sustainability within the public pension systems but would also help to re-distribute the income risk over the full life course. This also means that a spell of unemployment would have a lesser weight or impact on people's lifetime income. A 'decompression' of working time and its re-distribution over a larger number of years in life could contain a chance to gain time that can be used for other activities during the "rush-hours of life".

Towards a "decompression" of working time

It will only be possible to give more room for different time needs during working life if the widespread trend of the last decades towards a condensation of the working biography at both sides can be reversed. This requires some political effort to remodel the "entrance phase" and the "exit phase" of working life. In some countries (such as Germany), a rearrangement of school hours (start at the age of 5 instead of 6, reduction from 13 to 12 school years by extending school hours to the afternoon), a shortening of the average years spent at university (e.g. by the new bachelor/master system) and increased support for young people looking for their first jobs could contribute to an earlier entrance to the labour market. As far as the exit is concerned, a better coverage of elderly workers by training measures and partial retirement options could promote the postponing of the final labour market exit.

Reallocation of financial support

Providing reliable options in different life phases in order to modify working time is an important element for reducing insecurity and for combining flexibility and security. However, this must be complemented by provisions for the monetary cushioning of voluntary and involuntary discontinuities in areas where such assistance is necessary. These schemes can be called 'integrated options' (European Foundation 2003: 127ff.).

One set of options to cover phases of insufficient income from work (e.g. due to part-time work or sabbaticals) is oriented towards new *intertemporal* redistribution of financial means. The idea is to give individuals more freedom and options about how to distribute their prospective lifetime income over their own life, taking into account different needs in different phases of life. Some ideas in this field of action have recently been developed and promoted in the Netherlands. In 2002, a Dutch government commission proposed to use sources from supplementary retirement schemes to finance options for paid leave at an earlier phase of the life course (Stuurgroep Verkenning Levensloop 2002; European Foundation 2003: 131). Giving people the option to use some of their expected retirement income earlier in life, e.g. to cover financial needs in the 'rush hour of life' when children have to be brought up and time and money are scarce could also lead to a longer participation of older workers in the labour market. Similar ideas are being developed within the European Commission (Jacobs 2002).

However, it can be questioned whether younger cohorts – different to many of today's older people – would still be able to accumulate such a 'reserve' for old age that they could use up in advance without risking poverty in their old age. New options to re-distribute one's lifetime income over the life cycle would give the individual more freedom and security, but ignore the fact that different groups of people have different

needs across their life course. Whereas some people do a lot of care work, – e.g. bringing up children, caring for elderly relatives – , others are never involved in this kind of work. The question is whether these activities are to be regarded as a private responsibility or as socially useful tasks that should be supported *collectively*. In the first case, options to re-distribute time and money over one's lifetime would be an adequate, 'privatised' solution. In the latter case, new questions of *interpersonal* re-distribution over the lifetime arise.

Due to the common concern about demographic development, in recent years the notion that care work has to be supported by society has gained ground in many European countries; some countries introduced new credits for carers in their pension systems, for example (Klammer/Rolf 1998). If one agrees to the hypothesis that care work is more than a strictly private way of spending one's time, this leads to the question what a collective support for these time needs and this kind of work could look like. One option would be a 'care time model' which partly compensates for the loss of income from work for parents or other care-givers. Such integrated options for workers with care obligations could be 1) a combination of parental leave with a wage replacement benefit (in line with the Swedish model of parent insurance) and 2) a combination of family-related part-time work with wage-related, collectively financed subsidies (e.g. Mayer 2002: 213-215). As far as Germany is concerned, the financial means to pay for these schemes could come from restructuring the existing system of joint taxation of spouses, and the existing partial retirement scheme could serve as an organisational model²⁷. Subsidized time credits could also be *combined* with the privatized saving model as developed in the Dutch life-course policy.

What is needed is a public debate as to what types of employment interruption or limitation should be subsidised and which ones should not (or no longer) be subsidised by society as a whole. If we take a closer look at the distribution of work, time and money over individual lifetimes, there are good arguments for organising collective support measures in such a way that they provide assistance when people are in the greatest need of time and security – in middle age when children have to be provided for. The findings of many employment biography studies support the idea that the promotion of reduced working hours (e.g. part-time work) and combinations of activities (e.g. in the form of 'parental part-time employment') is clearly preferable to the further extension of employment *interruptions* (e.g. through long parental leaves) with regard to subsequent employment prospects and income opportunities when the 'parenting phase' is over (Schwarze 2002).

One of the most urgent tasks in restructuring social welfare systems in line with the new needs of flexible, insecure and discontinuous life courses is to create broader access to the insurance and social security systems. This is especially the case in continental welfare states where social insurance systems until today have been selective and geared towards the needs of dependent employees. In order to cushion the risks of flexibility and transitions, access would have to be opened for all those in gainful employment or even to all citizens (keywords: reorganisation of social insurance systems to create insurance systems for employed people/all citizens). To adjust to varying income from work over the lifetime people could obtain permission to 'buy' extra personal claims on a voluntary basis in times of high income, additional to their compulsory contributions to social insurance. This again would be the 'privatised' version to deal with flexibility and uncertain income prospects over the lifetime and will come to its limits when people – due to short or discontinuous working biographies and low lifetime income – are not able or willing to acquire sufficient claims for old age pensions. To solve this problem, a twofold strategy seems to make sense:

27 The German system of joint taxation of spouses is confined to married couples and in total provides about €30bn per year for this group, irrespective of care responsibilities (Deutscher Bundestag 2002: 257-260).

1) Instead of redistributing 'at the end of the working career', when pension claims turn out to be insufficient – either through the pension system or social assistance schemes – priority should be given to identifying the *reasons* why people fail to build up claims, and to finding solutions to the coverage of 'missing' periods and low income when the problem occurs (Vielle 2001; Vielle and Walthery 2003). This could be done by covering certain periods (such as care periods or unemployment periods) by collective financing via taxes or contributions. It could also be realised by introducing new obligations for covering periods by individual contributions, e.g. payments of husbands for non-working wives (as in the Swiss system). The goal must be that every citizen builds up individual pension claims during their working life that at least reach the level of the sociocultural minimum (e.g. social assistance). This approach takes into account the general preference for reciprocity as opposed to sheer redistribution: Benefits are legitimized by the contributions (or taxes) that have been paid by or for the recipient.

2) To make this goal feasible, however, elements of minimum security and redistribution have to be strengthened within the public first-pillar pension systems. This refers in particular to insurance systems with a strong orientation towards equivalence between lifetime contributions and the later pension claim. The goal is not to abolish the correspondence between contributions and claims, but to weaken the principle of equivalence in favour of people with 'weak' earning and insurance biographies. Broadening the obligation to build up one's pension claims and strengthening redistributive elements in the public systems could not only help to prevent poverty among people in flexible employment relationships and/or with discontinuous employment histories (both during employment phases and in retirement), but could also increase the awareness of employment risks.

This has to be complemented by a strategy of (better) education in terms of financial competence. Currently all kind of social security and labour market reforms in Europe point towards a strengthening of individual responsibility, e.g. for one's own employability or old age pension. This could be a contribution to increase autonomy, one of the four dimensions of well-being in the European Council's tree model of social cohesion. However, many people just do not have a profound knowledge of how to organise a "sustainable" working career and how to deal with changes in their income over time. Actually there is a growing gap between the competencies people attain and the competencies required to plan and organize one's (working) life, income and social security. Teaching financial competence as well as life and work skills should start early at school to prepare young people to live their lives under the new conditions. Otherwise autonomy will rather lead to social exclusion than to participation, equity and well-being.

As has been shown, a variety of measures have to be combined to prepare people to cope with the negative aspects of flexibility and insecurity that threaten social cohesion.

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