1. Shaping the life course: a European perspective

Dominique Anxo, Gerhard Bosch and Jill Rubery

This book investigates the changing patterns and levels of social welfare systems through the lens of key life stage transitions. This provides an insight into the adequacy of welfare systems’ response to the changing needs for support at these critical stages of life that shape future life course prospects.

The focus on key life stages has three purposes. First it provides a lens through which to analyse a range of different dimensions of social welfare systems. It is at key life stages that social welfare systems are particularly needed to provide support in addition to or instead of employment or the family. These include the key life stages of preparing for and entering work, setting up independent households, surviving interruptions to work, in prime age, whether for parenthood, sickness or unemployment, and withdrawing from work into retirement. The support systems in place at these stages have major impacts in empowering or preventing citizens from fulfilling their potential and their aspirations. These support mechanisms are critical for issues of equity and social inclusion. A focus on key life stages also facilitates an evaluation of how social welfare systems vary in the effectiveness of their support for different groups, defined, for example, by class, gender, age and generation.

Second, the key life stage approach can help identify the impact of potentially conflicting pressures for change. These conflicts arise from the short-term pressures to reduce costs or to minimise open unemployment for political reasons, both of which, for different reasons, may jeopardise opportunities to engage in longer-term strategic change. This long-term change is required to keep social welfare systems in step with the major changes actually taking place in the life course, and in the associated behaviour and aspirations of European citizens. The European Employment Strategy (EES) espouses the need for long-term reform to ensure that welfare systems promote an active, and appropriately and flexibly skilled,
The welfare state and life transitions

working-age population. However, the EES also takes as a starting point that European social models are ‘too rigid’ to cope with the rapid changes in production and employment associated with globalisation and the growth of the knowledge economy. Some of the problems of this ‘rigidity’ may be evident at key life stages, leading to too long transitions to work, too much discontinuity of women’s employment, too extended unemployment and too early exit from employment. In promoting reform towards more flexible systems, the EES may in practice also reinforce short-term cost-reducing agendas (Rubery et al. 2008). The adoption of a life stage analysis can in this context be used to illuminate the strategic or ad hoc nature of current reforms and to identify who is likely to benefit or lose from current reform agendas.

Third, the life stage perspective enables us to bring together two approaches to our understanding and analysis of European social models and welfare systems that have somewhat different theoretical and political associations. The first is the ‘varieties of welfare’ systems approach, where complementarities between institutional arrangements in the welfare, family and labour market systems generate path-dependent and divergent outcomes with respect to employment and welfare for citizens. This approach emphasises the role of collective action and provision in shaping the specific societal form of the life course; the focus is on differences across societies in the standard life course rather than on varieties of life course patterns among individuals. The second is the emerging interests in the life course as a new paradigm for studying the interrelated trajectories of individuals, social groups and institutions over time. Although the latter is more individualised in approach, in contrast to the more collective and structured analysis of varieties of welfare states, developments of the life course approach (Mortimer and Shanahan 2003; Mayer 2004; Kohli 2007; Heinz et al. 2009) recognise that to provide opportunities for more individualised and variable life course approaches new forms of social support may be required. The variety of welfare systems can thus be expected to influence capacities to adjust to changing life courses. There is thus a need to bring these two approaches together and to identify the role that collective action and provision may need to play in facilitating changing and more varied life courses.

To explore these issues we examine the changing support arrangements for making key life stage transitions in nine European countries. This exploration is done in two ways; in the main part of the book national researchers trace the evolution of support systems in each country and locate these changes in the social, economic and political context of the specific society. In this introductory chapter we address the issue through a more comparative lens. We draw here not only on the country chapters
and the evidence provided of the role of path dependency and specific constellations of state, labour market and family arrangements, but also in addition on the wide range of available studies and statistics on both policy formation and actual employment and welfare outcomes. While the country-specific and the comparative approaches draw in part on different information and reference frames, in practice the two perspectives add to the richness of understanding, providing analyses of the directions of travel as well as of current outcomes and apparent performance. Before embarking on the empirical comparative analysis, we need first to explore in a little more detail both the life course approach and the varieties of welfare systems approach, including its application to the nine countries we consider here.

THE LIFE COURSE APPROACH

The life course approach has developed in part in response to evidence of increasing change and greater individual diversity in the life courses of European citizens. Over recent decades, major changes in the frequency and timing of transitions over the life course have occurred in many advanced economies. Globally, modern societies have experienced a gradual postponement of entry into the labour market due to later exit from the educational system, combined with earlier exit from the labour market due to early retirement schemes and a lowering of the pension age. Simultaneously, the trends toward individualisation, the emergence of new life styles and changes in values and norms have profoundly modified the traditional family life-cycle model of marriage, parenthood, followed by retirement within a stable marriage, which was still prevalent during the 1950s–1960s. These changes have had profound effects on the standard male biography but even more so on the female life cycle, such that women are now much more strongly integrated into employment, even if they still tend to have more employment breaks and more varied working time arrangements than men. The overall reduction in marriage rates, the increased rates of divorce and consensual unions, the postponement of family formation, the decrease in family size, and the increase in life expectancy, coupled with the growing perceived instability in the labour market, have certainly modified individuals’ expectations and extended options over the life course. Hence, even if for men the traditional tripartite sequencing of work history (education–employment–retirement) remains predominant and the sequencing of critical phases in life (singlehood, consensual union/marriage, parenting, empty nest and so on) is still evident, most advanced economies have experienced a rescheduling of
traditional critical events, an increase in instability and risks (separation/divorce, unemployment) and a growing heterogeneity of life trajectories.

Changes in the life course need to be considered in a context of changes in life expectancy. For men changes in the transitions at the two ends of working life have shortened the period of active working life. These changes, together with policies in some countries to reduce annual working time, mean that for men there has been both an absolute reduction in the amount of time devoted to market work over the life course, as well as a proportionate reduction relative to life expectancy. Less time now also has to be devoted to housework due to the growing availability of goods and services offered in the market and/or provided by the public sector, technological progress in home-produced goods and services and reductions in family size. This decline in children per household has led to a fall in total time devoted to childrearing even though the time-intensity per child is higher than in earlier historical periods. At an aggregate level within most EU countries there has been a large increase in potential ‘leisure time’ over the whole life course. These large changes are not, however, evenly distributed between gender and socio-economic groups. The growing feminisation of the labour force has de facto implied an increase of the time devoted to market work for women. At the household level, the reduction in men’s paid working time has been partly compensated for by the increase in female labour supply. The main alternatives to women’s domestic labour have proved to be either public services or private market services, with women still performing the bulk of unpaid housework and care activities even though in many countries the male share of household production has increased (see Anxo et al. 2002). The resilience of a traditional gender division of labour also has significant and dynamic implications for gender differences in earnings, career prospects and for welfare access over the life course.

All these changes in individual biographies are potentially colliding with changes in labour market opportunities, including changes in job security and more rapid restructuring as a consequence of technological and sectoral change. It is these factors combined that may be both leading to more erratic employment paths over the life course and more variable life course stages, including, for example, postponements in transitions to independent family formation and parenthood in contexts where it is more difficult to make the transition to stable employment or to independent housing.

To locate, analyse and evaluate the impact of these major social and economic changes, the life course approach has developed over recent years into a major research paradigm providing a heuristic conceptual device for studying the interrelated trajectories of individuals, social groups and institutions over time. Most of the research using this
approach has stressed the importance of both social forces and individual factors in shaping the life course of individuals, and has provided evidence of the developmental consequences of alternative life trajectories. The notion of life course posits that life trajectories are constituted by a palette of sequences of events that are both individually and socially constructed. Events occurring at one point in time may affect events and transitions at a later time, such that almost any individual decision – such as investing in human capital, participating or not in the labour market, withdrawing temporarily or permanently from the labour market, choice of working time arrangements, allocation of time between competing activities, cohabitation/marriage or fertility decisions – has longer-term consequences for the life course. However, these individual decisions are affected in their timing and outcomes by both economic and societal factors, such as prevailing norms and values and institutional settings. Current decisions are influenced by choices made in the past and future decisions are affected by present and past decisions, but also by the duration of an event or the time spent in a specific state. Furthermore, the life course perspective makes it possible to identify the cumulative impact over the life cycle of decisions such as withdrawal from the labour market or investment in human capital at a particular point in time. This provides an important perspective to policy development and evaluation as it moves beyond the immediate costs and benefits for individuals and households to take into account life course impacts.

Much life course analysis emphasises diversity of life course choices and patterns within individual societies, but even at this country level the role of social structure and institutions is evident in both shaping individual decisions and in producing differential paths and outcomes by age, gender, class and generation that are not to be mainly explained by life course preferences. Moreover, despite the commonality of global trends, large discrepancies still exist between countries. Several comparative studies (see for example Rubery et al. 1999, 2002; Anxo et al. 2002, 2006) have clearly shown that the timing and frequency of transitions as well as the patterns of household labour market integration and social inclusion vary considerably between the European countries. Considerably more insight can thus be provided into the role of institutions through comparative analysis. Chronological age is still frequently used to structure activity through legal rules (for example driving age) but equally important are social norms with respect to the appropriate ages at which events – for example progress up a promotion hierarchy – should take place. There are cross-national variations as well as inter-professional and inter-organisational differences in these social norms and regulations with respect to age or experience variables. These social variations are consistent with the life
course approach that has insisted on the inherently social dimension of age perception and age structuring. As emphasised by Settersten and Mayer (1997), age and gender act as a signal and a means by which social roles are assigned over the life course, and life trajectories are consequently age-graded according to prevailing age norms. This implies that actual life courses may be sensitive to cross-country societal differences in how the life course and transitions within trajectories are normatively structured, although such differences have not as yet been a major focus of life course analysis.

Life course analysts also acknowledge the importance and consequences of early transitions for later experiences and events. This ‘path dependency’ at the individual level, where past experience matters and restricts an individual’s options in the future, can be combined with path dependency at the national level. Thus, the forms of social institutions available to support individuals are shaped by the historical development of the social welfare system and current adaptations of the institutional forms are in part restricted by prior arrangements, including embedded institutions and embedded norms. The social implications and consequences of early transitions and choices differ depending on the historical and societal context. For example, the availability of public lifelong training systems or active labour market policy programmes may reduce the individual and social costs of early drop-out from the educational system or job losses. Hence, although time is irreversible, choices and trajectories can be modified or reversed and might be conditioned by the set of institutional options available. It is thus vital to combine this life course approach with the analysis of changes taking place in social welfare systems, under the varieties of welfare systems approach.

Varieties of Welfare Systems and the Life Course

The importance of history and time in the life course approach has its parallels, as we have pointed out, in the focus on institutional complementarities and path dependency in the literature on comparative welfare states. A major characteristic of institutional systems is that they rely on complementarities between various institutional areas (see Hall and Soskice 2001; Amable 2003; Bosch et al. 2009). This property has two main consequences for the analysis of life transitions. First, from an empirical point of view, the variety of transitions actually observed is the outcome of a complex institutional system (national regime), which cannot be reduced to financial incentives or disincentives to work, as in a standard neoclassical labour supply approach. Second, the existence of such complementarities means that a change in a given institution will not necessarily lead to
similar patterns of change across countries, as the outcome will depend on the impact in other complementary institutions. In the varieties of welfare systems there is thus a stress on the likelihood of some form of resilience and path dependency in patterns of change and development.

The notion that there are different varieties of welfare states, explained by conjunctures of political, social and economic conditions, has been a core feature of social policy analysis since the first typology provided by Esping Andersen’s (1990) three worlds of welfare capitalism. However, while there has been a multitude of typologies, the aim of much comparative work on welfare and employment systems has been to classify or typologise the welfare system as a whole. In practice the varieties of welfare regimes may perform differently at different stages of the life cycle and in relation to different groups or generations; by focusing on the life cycle stage it is more apparent where the strengths and weaknesses of the different systems lie and which groups/generations are most or least supported. One exception was the work by Anttonen and Sipilä (1996) who provided a more detailed account of care services for the elderly and children and revealed more diversity within and across types of welfare systems than might have been anticipated if a whole system approach had been used. It is in part to reflect the value of this type of more disaggregated approach that this book looks at and evaluates welfare states by life stages, using these to illuminate differences by class, gender, age and generation, rather than starting from a whole systems evaluation.

We distinguish five main types of transitions:

i) transitions from school to first employment and career;
ii) transitions from parental household to independent household formation;
iii) transitions in prime age associated with family formation
iv) transitions in prime age associated with employment risks
v) transitions from employment towards inactivity at the end of the job career.

By focusing on these key life stages we also consider the long-term changes in the nature of those life stages: the extension of the school to work transition and associated prolongation of transitions to independent living, the reduction in labour market quits by women at childbirth and the change in women’s aspirations for continuous employment, the increased need to accept employer and career changes even in prime age, and the changing patterns of retirement and expectations of retirement. The focus is thus not only on comparative issues in the provision of support but also on the changes in institutional arrangements required to match the changing life
course. The aim is also to analyse the interplay between labour market systems, welfare and family systems (the three welfare pillars as labelled by Esping-Andersen (1990)) in particular conjunctures. Much of the work on comparative social models has focused either on labour markets and production systems or on welfare and family systems. By homing in on the different life stage transitions, in which different roles can be expected to be played by the three pillars of the labour market, the state and the family, it is more possible to achieve an integrated analytical approach through identifying particular features of the labour market, family and welfare systems that impact on each life stage and analysing their interactions.

As emphasised in the life course approach, it is also important to focus on the interconnections and patterning across life transitions. The life stage analysis thus provides building blocks through which to assess whether the ‘life course design’ of the prevailing national regulatory and social protection systems is coherent and efficient. That is do they promote and support transitions that are life course oriented, that facilitate a better work–life balance of individuals and households and that strengthen the social cohesion of European societies?

We need, therefore, to develop a framework for assessing the adequacy of the various national models which focuses on both life stage factors and the overall capacities of the national model to provide for coherence and integration over the life course. This framework must be based on the main social purposes of social welfare systems. These can be summarised as first, empowering individuals to pursue life goals and to make choices that may enable their fulfilment at key life stages and second, providing for more equity and social cohesion in outcomes that could be expected without social welfare systems. These two interconnected social dimensions to welfare systems can provide a basis for a normative assessment of support arrangements at each key life stage. However, that assessment must also address the coherence and sustainability of the life course model. Thus each set of life stage support arrangements needs to be considered not just in their own right but also with respect to their contribution to coherence and to the containment of both economic risks, such as fiscal costs or unrealised productivity, and of social risks, such as social exclusion. Table 1.1 provides a schematic normative framework for such an assessment. The capacity of models to move towards these objectives depends both on their starting points and the recent developments in labour market, public policy and social and family organisation.

This evaluation grid can thus be used for assessment at each stage of the life cycle and for the system as a whole, taking into account equity, sustainability and indeed responsiveness to changing life courses. The
Table 1.1  An evaluation framework for social welfare systems and life stages

<table>
<thead>
<tr>
<th>Key life stage and transitions</th>
<th>Equity</th>
<th>Empowerment</th>
<th>Coherence, sustainability and responsiveness to new needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>School to work</td>
<td>Opportunities for less academically able/for both young women and young men</td>
<td>Education/training opportunities independent of family support</td>
<td>Investments in education/training well utilised. Avoidance of creation of long-term disadvantaged groups (NEETS etc.)</td>
</tr>
<tr>
<td>Independent living</td>
<td>Access to independent living not dependent on family income/wealth</td>
<td>Able to form independent households – not constrained by housing market (cost or supply of houses/rents) or social norms</td>
<td>Delayed family formation not leading to lower long-term fertility than desired</td>
</tr>
<tr>
<td>Parenthood</td>
<td>Minimise costs of active parenthood for all parents to promote gender equality; access to affordable childcare especially for low income households</td>
<td>Provide options for parents – flexible working, participation options for fathers etc. Enable men and women to fulfill employment and reproductive goals</td>
<td>Promotion of high female employment rate/utilisation of female educational investments. Reduction in risk of female poverty (inactivity and low pensions)</td>
</tr>
<tr>
<td>Employment risks in prime age</td>
<td>Minimise long-term scarring effects of unemployment</td>
<td>Opportunities for lifelong learning, career development and career changes</td>
<td>Avoidance of long-term unemployment/inactivity Promotion of career changes through retraining, reintegration</td>
</tr>
<tr>
<td>Retirement</td>
<td>Pension systems that promote class, gender and inter-generational equity</td>
<td>Opportunities to work or to not work according to preferences/capacities etc.</td>
<td>Promotion of active ageing and inter-generational cost sharing while still providing opportunities for good retirements</td>
</tr>
</tbody>
</table>

Source: own presentation.
capacities of different welfare states will vary according to their starting position and the severity and cause of the challenges that they face in both maintaining and reforming welfare support systems. This variety is illustrated by the nine countries selected for detailed analysis according to this life stage approach.

Introducing the Nine Country Case Studies

The nine European countries on which this book's analysis is based cover the whole range of both varieties of capitalism (coordinated market economies versus liberal market economies; see Hall and Soskice 2001) and traditional typologies of welfare state systems (social democratic, conservative and residual; see Esping Andersen 1990, Table 1.2). In addition the inclusion of Hungary expands the range to include post-transition economies with their own distinctive legacy or path-dependent evolution.

While these typologies were initially based on a limited number of ideal types, subsequent work has refined and developed categories as a wider variety of countries have been subjected to detailed analysis. Two particular refinements are helpful in the classification of our nine cases: Coates (2000) unpacked the coordinated/liberal market economy dichotomies to develop a three-way classification between market-led, state-led and negotiated economies. Under this three-way triangle countries can be placed between the three points of the triangle, according to the degree to which they were market, state or negotiated in character, thereby moving away from dichotomies. This refinement allows for a distinction to be made between, for example, France as state-led and Sweden as a negotiated economy within the otherwise very broad category of coordinated economies. Among welfare classifications the first major development was to include gender arrangements as a key important dimension of welfare systems (Lewis 1992; Orloff 1993). This focused attention on the household and on the complexities of intergenerational and gender relations, thereby widening the analysis from that of the commodification/decommodification of individuals by the welfare state. A second associated development has been the identification of familial welfare systems, particularly associated with southern European countries and sometimes called a Mediterranean model based on strong family and weak state systems of support (Rhodes 2005).

With these refinements to the classifications in mind, Table 1.2 outlines where the nine countries may be located, drawing on a variety of whole country classification systems. Among the nine EU member states considered in this volume, the UK is the sole representative of the liberal market economy/residual welfare state category, although, as we will see in the
## Table 1.2 Nine welfare regimes in traditional typologies

<table>
<thead>
<tr>
<th>Varieties state of capitalism</th>
<th>Varieties of welfare</th>
<th>Coordinated: Negotiated</th>
<th>Coordinated: state led</th>
<th>Mixed market/state economies</th>
<th>Transition economy</th>
<th>Liberal market economy</th>
<th>Residual welfare state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social democratic/weak male breadwinner</td>
<td>Conservative/strong male breadwinner</td>
<td>Sweden</td>
<td>Austria</td>
<td>Germany</td>
<td>France</td>
<td>Italy</td>
<td>Greece</td>
</tr>
<tr>
<td>Conservative/modified male breadwinner</td>
<td>Familial model/Mediterranean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transition welfare state</td>
<td>Residual welfare state</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

analysis, the terminology of residual welfare state may not be applicable when we look across the whole variety of welfare state support functions. Hungary is the only post-socialist country and we will explore how the legacy of the socialist system is intersecting with the change to the market system. Its welfare state may be regarded as hovering between a residual or liberal model and a more developed model with both conservative and social democratic elements. Lelkes (2000) has argued that the Hungarian welfare state cannot be classified using conventional categories – and it is described as ‘faceless’ and in transition. On this basis we also classify it as a transitional welfare system. Among the remaining seven countries, Sweden also stands out from the crowd with a social democratic welfare state and a negotiated economy model. Germany and Austria are also regarded as sharing the characteristics of a conservative welfare system, but Austria is more strongly located at the negotiated end of coordinated capitalism through its strong corporatist systems than Germany. France is a coordinated market economy that has exemplified the state-led approach but it also has a welfare system more oriented to women as workers than other conservative welfare systems with which it has been associated in some typologies. Spain, Greece and Italy are more usefully considered as Mediterranean countries with traditionally at least more familialistic production and welfare systems than in other CME countries, and also a tradition of state-led capitalism in the core formal sector (regarded as mixed market economies by Rhodes 2005).

The range of countries within the sample, using these conventional typologies of difference, is thus likely to provide a wide variety of different social welfare arrangements supporting the different key life stages. These characteristics of the overall models are broadly correlated with overall employment performance (see Appendix Table 1A.1); that is we find the now common result that it is Sweden as a social democratic welfare state/negotiated economy that has the best performance. It is now anticipated that social democratic and liberal market economies will show the strongest employment performance and the UK is third in our group of countries and well above the EU27 average. However, Austria has a somewhat higher employment rate and comes in at rank two, with Germany close behind at rank four. Spain is slightly above and France slightly below the EU27 average but Greece and in particular Italy and Hungary fall well below, with the latter two countries being well over ten percentage points adrift from the Lisbon target. Comparisons of employment rates for four main demographic groups where strong variations are found across societies – young people, women, older workers, migrants – reveal variable factors accounting for differences in overall employment performance. While four countries have an older worker employment rate below 40
per cent, this includes two low overall employment performers, Italy and Hungary, but also a middle ranking country, France, and Austria, the country in our sample with the second highest employment rate. The relationship of overall employment rates to the employment rates of the foreign born is in fact perverse – from a narrow economics perspective – with their employment rates standing above those of the native population in countries where overall employment is low but below that of the native population where employment rates are high.

Young people’s employment rates are more straightforwardly linked to overall employment rates, with the top four countries by overall employment also having higher than the EU average employment rates for young people, along with Spain, while all other countries are below the EU average. Interpretation of these data is, however, problematic as a high youth employment rate might imply an underdeveloped educational system. For women’s employment, measured by standard headcounts, there is a close correlation with overall employment rates. For women it is Sweden, together with the UK, Germany, Austria and France that have above average employment rates, but if the employment rates are considered on an FTE basis (full-time equivalent – one part-time job taken as equal to 50 per cent of a full-time job) then Germany falls below the EU average and Hungary now exceeds rates found in Austria and the UK. Furthermore, when we look at mothers of young children (at least one child under six) on a full-time equivalent basis there is a major reordering of the countries by employment levels. It is now Austria, Germany and the UK that fall below the EU average – along with Hungary and Italy – while those above are Spain, Greece and France (also Sweden based on national data – see below, Table 1.6a). These findings suggest the very different life cycle patterns of women’s employment across the nine countries and the potential for presenting countries as high and low performers, depending upon choice of indicators.

Introducing a more systematic life stage approach can help in some ways to make sense of variations by recognising the importance of age as embedded in institutional arrangements and custom and practice. Figure 1.1 shows the median entry age into the labour market and median exit age for the nine countries and immediately demonstrates that the two countries with the highest overall employment rates have very different entry and exit ages; Austria starts early and ends young while Sweden starts late and ends employment at a much later age.

Table 1.3 also plots for all the nine countries the median or legal age at which certain key points in the transition to adulthood apply; differences are apparent in the organisation of this life stage, with significant variations in, for example, median age of entry into higher education, median
The welfare state and life transitions

The age of entry into employment, the time it takes for the median young person to have achieved a permanent contract and above all the median age at which young people (here men) leave the parental home. Perhaps surprisingly, given the major changes in this behaviour, there is less variation around the median age of first birth, with seven of the nine clustered around age 28/29. For Hungary the age is younger but the 31 median age for Sweden is consistent with a delayed or slow entry to employment, although combined with a rather fast exit from the parental home. This brief overview provides insights into the diverse life cycle patterns and life stage transitions experienced in the nine countries explored in this book. It is to a more detailed exploration of these life stages that we now turn.

FROM EDUCATION TO THE FIRST JOB

Over the last 50 years the employment rate of young people has been falling in all nine countries because of extensions in both mandatory and voluntary education. Indeed too high employment goals for young people may conflict with the ambition of developing highly competitive knowledge societies based on broad skills for the whole workforce and not only for a small elite. Furthermore, a high employment rate may reflect a lack of capacity of some families to fund extended education or training. It is thus hardly surprising that the EU has set goals for the overall employment rate and those of women and older workers but not for young people. Most countries indeed encourage further expansion of upper secondary and tertiary education and in some cases formulate ambitious goals.2

Educational expansion in all countries has increased the share of young

\[\text{Figure 1.1 } \text{Timing of transitions: median age of entry and exit from the labour market}\]
Table 1.3  Timing of transitions: from school leaving to childbirth

<table>
<thead>
<tr>
<th>Country</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Austria</td>
<td>S</td>
</tr>
<tr>
<td>France</td>
<td>S</td>
</tr>
<tr>
<td>Germany</td>
<td>S</td>
</tr>
<tr>
<td>Greece</td>
<td>S</td>
</tr>
<tr>
<td>Hungary</td>
<td>S</td>
</tr>
<tr>
<td>Italy</td>
<td>S</td>
</tr>
<tr>
<td>Spain</td>
<td>S</td>
</tr>
<tr>
<td>Sweden</td>
<td>S</td>
</tr>
<tr>
<td>UK</td>
<td>S</td>
</tr>
</tbody>
</table>

Notes:
S = school leaving age
T = median entry age to tertiary education
E = median entry age to the labour market
P = median entry age to permanent employment
L = median age at which young men leave home
B = median age of women at first birth

people leaving school with at least upper secondary certificates. In 2006, the differences between the countries in the graduation rates of 25–34 year olds amounted to only 24 percentage points, much less than the 42 percentage points for 55–64 year olds (Table 1.4). A third of young people in Italy and Spain and a quarter in the UK and Greece still enter the labour market with less than upper secondary certificates. Moreover the lower performance of young people from migrant or ethnic groups is a cause for concern in all societies. An upper secondary certificate has increasingly become the minimum requirement for access to a good job. Since unskilled young people lose out in the competition with the better skilled for jobs, the long-term costs of early exits from the educational system have increased. Indeed low educational attainment has been found not only to impede initial insertion into the labour market but also to provide an enduring barrier to employment (OECD 2008a, pp. 41–2).

An increasing number of young people now pursue their education and training at the tertiary level, especially in countries where vocational reputation has a low reputation. The share of tertiary education graduates has

Table 1.4  Population that has attained upper secondary and tertiary education, 2006: public subsidies to private households for tertiary education, 2005

<table>
<thead>
<tr>
<th>Country</th>
<th>Upper secondary education</th>
<th>Tertiary education</th>
<th>Subsidies to private households for tertiary education in % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OECD average</td>
<td>78</td>
<td>55</td>
<td>33</td>
</tr>
<tr>
<td>EU19 average</td>
<td>80</td>
<td>55</td>
<td>30</td>
</tr>
<tr>
<td>Austria</td>
<td>87</td>
<td>71</td>
<td>19</td>
</tr>
<tr>
<td>France</td>
<td>82</td>
<td>52</td>
<td>39</td>
</tr>
<tr>
<td>Germany</td>
<td>84</td>
<td>79</td>
<td>22</td>
</tr>
<tr>
<td>Greece</td>
<td>75</td>
<td>84</td>
<td>27</td>
</tr>
<tr>
<td>Hungary</td>
<td>86</td>
<td>66</td>
<td>21</td>
</tr>
<tr>
<td>Italy</td>
<td>67</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td>Spain</td>
<td>64</td>
<td>27</td>
<td>39</td>
</tr>
<tr>
<td>Sweden</td>
<td>91</td>
<td>72</td>
<td>39</td>
</tr>
<tr>
<td>UK</td>
<td>76</td>
<td>61</td>
<td>37</td>
</tr>
<tr>
<td>Range</td>
<td>24</td>
<td>42</td>
<td>22</td>
</tr>
</tbody>
</table>

*Source:* OECD (2008b): Tables A1.2a; Table C1.1; Table A1.3a; Table B5.2.
grown faster in Spain, Greece, Sweden, France and the UK than in Germany or Austria (Table 1.4) where an apprenticeship still offers good job perspectives. The country differences in shares of graduates are now much larger among the young than among the older age cohorts. High shares of graduates coincide with high shares of young people without upper secondary in the UK, Spain and Greece, indicating strong polarisation. In countries with strong apprenticeship systems (Germany and Austria) and in Sweden, with its non-stratified education system and its remarkable low rate of drop-out from upper secondary education, the skill structure is less polarised.

With the massification of tertiary education, the labour market outcomes for graduates are becoming more diverse. The job structure has not been upgraded sufficiently to allow all graduates to secure a job appropriate to their qualification. Tendencies towards the under-utilisation of skills are reported especially in the Spanish, Greek, French, Hungarian and UK chapters. In 2006 in Greece, Italy and Spain the unemployment rate of graduates from tertiary education (age 25–29) was even higher than for graduates from upper secondary education (OECD 2008b, Table C4.3).

An expansion of tertiary education is not without risks for equity in a society as children from poorer families may face, in addition to the well known class barriers, also substantial difficulties in financing their higher education. More diverse labour market returns to education increase the risks of such investment. The costs of higher education have been raised in some countries by the introduction of, or increases in, tuition fees (for example the UK) and also by the expansion of private providers. To open up access to higher education for young people from median- and low-income families and to increase financial independence of young adults from their parents, Sweden has introduced a universal grant and loan system which is individualised and not means-tested. The UK has replaced an earlier generous grant system with a general loan system and targeted grants. Germany has means-tested grant and loan systems and Austria means-tested grants. In both countries grants are also paid to vocational school students and apprentices when they do not live at home, underlining the high political attention paid to guaranteeing all school leavers not only an apprenticeship but also equal treatment in public support systems. All parents also get tax reliefs or so-called ‘child allowances’ up to the mid-20s if the young adult is in education including vocational training (Bosch and Jansen this, volume). In all countries except Sweden, the UK, Hungary and, surprisingly, the family-oriented Spain, parents receive some tax benefits (tax allowances, exemptions or credits) (Eurydice 2007, p. 125). With the loan system young British German citizens enter the labour market with often high debts which they may find more difficult to pay back the more wages are declining.

In most countries public support for tertiary education is low, despite
increasing graduation rates (Figure 1.2). Families have to bear most of the costs which increases not only social inequality but also prolongs the financial dependence of young people on their parents. Since many families cannot afford these costs, increasing numbers of students work during their study and live at home.

Although the age of transition from education to the first job has increased in the long term in all countries, the age points of the transition into the labour market differ substantially by country. The median age of entry in the first job ranges from 21 in Austria, 22 in the UK and Spain, 24 in Germany, France, Sweden and Hungary to 25 in Italy and Greece (Table 1.3). Furthermore, within countries there are also important differences in the average age of entry into the first job by educational tracks, gender, nationality and ethnic background.

Except for some well-educated young people from middle- or upper-
class families who take a gap year between education and work, most young people who become a NEET (someone not in employment, education or training) do so on an involuntary basis. High rates of medium- and long-term NEET status provide strong indicators of open and hidden unemployment. The OECD analysed the employment and education status of young people for five years after completion of initial education for ten OECD countries, including six countries from our sample. One year after the end of initial education the NEET rate ranged from 41 per cent in Germany to 70 per cent in Greece (women 33 per cent in the UK to 66 per cent in Greece). After five years it ranged from 18 per cent in Austria to 33.6 per cent in Greece (women 21 per cent in Austria to 48 per cent in Greece). NEET rates are generally higher in southern Europe and for the lower skilled and women. They all decline but also vary over the first five years after the end of education, providing further insight into the ‘fluidity of the youth labour market, as reflected in transitions between employment and non-employment’ (OECD 2008a, p. 59).

Youth employment has increasingly become the playground for companies using contingent work arrangements. Many young people, including the highly skilled, looking for their first job often have no choice other than to accept such forms of work since they are outsiders, lacking the bargaining position of insiders supported by firm-specific skills and the labour rights that a permanent work contract confers. Therefore, access to stable jobs is often only possible through precarious employment such as temporary or agency work. The share of young people working in temporary jobs is disproportionately high in all nine countries and has increased over the last decade (OECD 2008a, p. 31). This seems to be true for young people of all skill levels. However, for the low skilled these jobs are mostly a trap while for the better qualified they may be either an interlude (while studying) or a stepping stone (OECD 2008c: 32–35). The highest rates of temporary contracts can be found in Spain, but also in Sweden and Italy (especially for women). Since young people are less protected in the labour market through their above average share of temporary contracts and lower seniority rights, they have higher job separation rates and multiple spells of unemployment, especially in Spain, France, Italy and Greece (Quintini et al. 2007, p. 32). It takes the longest time to move from the first to a permanent job in Spain (average six years, Table 1.3).

The distribution of labour market risks is strongly determined by the education system. Shavit and Müller (2000) argue that two characteristics of education and training systems have significant effects on the transition into the labour market: (i) the degree of stratification, that is the extent and form of tracking in the educational system with clearly distinct forms of learning and training, and (ii) the extent of occupational specificity, that
The welfare state and life transitions

is the extent to which training develops broad occupational competencies for a range of different activities rather than job-specific or general competencies. The more training is stratified in different institutions and the higher the occupational specificity, the easier it is for employers to recognize competencies and the lower therefore the costs to employers of hiring young people (Müller 2005, p. 464).

The Southern European countries, France, Hungary and the UK have mainly expanded general education. In these countries vocational tracks and certificates do not have high esteem. They signal that the holder is a low achiever in the school system and possesses only narrowly-based skills for specific jobs. VET certainly enjoys higher esteem in countries in which it can open up access to well-paid jobs with complex tasks and good career opportunities than in countries with polarised job structures and high shares of low-skill, low-paid jobs offering few career opportunities. In Austria and Germany, with their developed dual apprenticeship systems, vocational training takes place in generally recognised occupations. Training is closely linked to occupational labour markets, employers participate in the design of the vocational training system and the actual training facilitates the school to work transition (Bosch, Jansen and Mairhuber, this volume). Employers also save recruiting costs since they already know the young people.5 In all the other countries there are only loose links between education and training and the labour market. Some countries have tried to improve the transition into intermediate jobs by expanding school-based training (France, Italy) or supporting a Modern Apprenticeship System (UK) with modest success (Bosch and Charest 2008).

Myriad studies have shown that occupational competencies acquired in apprenticeships systems with generally recognized standards make transitions into the labour market easier than competencies learned in school-based systems (Müller and Gangl 2003). The downside of stratified and occupational specific systems is that, due to early tracking, there is a danger of many dead ends in the system which may hinder further study and career. Vocational education and training in all countries is designed for immediate entry into the labour market (Shavit and Müller 2000, p. 30). Certificates of vocational training do not usually confer entitlement to further education. Early tracking in combination with high status differentiation between tracks has also tended to undermine one of the principal objectives of education systems in democracies, namely to provide equal opportunities for all students. To avoid the negative consequences of early tracking and abolish dead ends Sweden has created an integrated school system with general and vocational tracks in the same school. Furthermore, the Swedish educational system makes it possible to follow additional general courses after completion of vocational training in order
to acquire a certificate that provides access to tertiary education. Germany and Austria are currently trying to reduce the stratification of their system by improving the links between vocational training and tertiary education to make the rigid border between vocational and general training more permeable, without endangering the advantages of its apprenticeship system for integrating youths into the labour market.

The difficulties of the transition into the first job also depend on the structure of the labour market. Most of the literature on the transitions of youth into the labour market has differentiated between occupational and internal labour markets where labour market allocation predominantly relies on seniority and experience (Marsden 1990). As outsiders young people have difficulties entering internal labour markets while occupational labour markets are open to them as soon as they acquire the necessary certificates. Gangl (2003) has found important cross-national differences within both groups and found that southern European countries do not fit this typology. Garonna and Ryan (1991) added a third dimension to the bipolar typology, namely employment protection. They proposed three different ideal types of regulation of youth transitions into the labour market. The first type is regulated inclusion, where vocational training is linked to occupational labour markets. Selective inclusion, the second type, applies in countries with strong internal labour markets which are closed by high employment protection. The third type of competitive regulation – Sengenberger (1987) calls this type ‘unstructured labour markets’ – is found in less regulated labour markets. If selective exclusion is combined with competitive regulation young people may find themselves facing a long transition period in insecure jobs before they succeed in entering an internal labour market. Germany and Austria are usually taken as examples of the first type, France as an example of the second, the USA and UK of the third and the southern European countries of the mix between the second and the third types. With the breakdown of their vocational training systems, the majority of the CEE countries, including Hungary, have moved from regulated inclusion with occupational labour markets to the model of competitive regulation (Saar et al. 2008). The country chapters support these typologies with the exception of Sweden. The Swedish labour market has weak occupational systems, but quite open internal labour markets. Mobility is supported by active labour market policy and lifelong learning arrangements which aim at reducing skill deficits.

Assessment of Transition from Education to Work

Using our criteria for assessment, Sweden ranks high in safeguarding equity and empowerment in the transitions from education to the first job.
through a non-stratified education system which avoids both early tracking and high numbers of drop-outs. In Sweden the expansion of tertiary education has not led to increased inequality in access since no tuition fees have to be paid, the state provides grants to all students assessed independently from the income of parents and wage compression remains high. The weak point in the Swedish system is the lack of occupational labour markets which prolongs the transition period and may contribute to high rates of youth unemployment. There seems to be a trade-off between providing the same level of general skills up to upper secondary level to all pupils and early tracking in vocational pathways which are closely linked to labour market opportunities.

Austria and Germany are making use of this trade-off in a different way. The fast transition of the majority of young people is facilitated by their apprenticeship systems which are closely linked to the labour market. The price is early tracking and often dead ends for apprentices in the education system and further careers. A unique feature within Europe is the extension of the grant system to cover apprentices and pupils who no longer live at home. The virtuous circle between vocational and the upgrading of the job structure supports the fast integration of young people. Because of the general job shortage it is taking, however, longer than in the past, often only after several spells of unemployment, to find a permanent job.

In the other countries skill structures are more polarised through the combination of stratified systems and the negative attitudes towards vocational training for intermediate jobs not only on the part of employers but also young people and their parents. The risks of investment in tertiary education are increasing because the job structure has not been upgraded to the same degree and returns are lower for the less successful. In addition, in southern Europe closed internal labour markets concentrate labour market risks on young people who face not only many years of unstable employment but also of open or hidden unemployment. The polarisation of the skill structure contributes to increasing social inequalities. The increasing costs of tertiary education and the lack of loan and grant systems means that families have to bear most of the costs of educational expansion, thereby creating new barriers to participation even at a time of educational expansion.

TRANSITIONS TO INDEPENDENT LIVING AND ADULTHOOD

Barriers to or delays in transitions to independent living have significance for the life course; they extend dependence into adulthood and constrain
the realisation of life aspirations, including those of family formation. Differences in cultural norms and institutional arrangements are always likely to lead to inter-country variations in the age of transitions. However, evidence of increasing divergence among our nine case study countries raises concerns over whether there may be growing tensions in this transition phase. Aspirations may be more difficult to realise if there are rising inequalities in access to resources, including access to both employment and housing.

The nine-country sample covers a wide share of the spectrum of transition patterns; it includes members of the so-called latest-late transition economies (Billari 2004), the southern European economies, as well as of the earliest-early group, mainly Nordic countries including Sweden (see Table 1.5). The recent pattern of change has, on average, increased the range of variation. Over the decade 1995–2005 the three countries with the most delayed transitions in 1995 experienced either no change (Spain) or further delays of one or two years (Greece, Italy), such that by 2005 the median age at which men leave the family home reached 30 in Greece and Italy and 29 in Spain. Hungary also moved towards the latest-late group as the median age of leaving home rose from 26 for men in 1995 to 28 in 2005. Germany and Austria, from lower median ages of departure in 1995, experienced changes in the opposite direction, thereby increasing the divergence between Northern and Southern Europe, although France and the UK experienced slight increases from again a relatively low base.

Table 1.5  Median age of young people leaving home, 1995 and 2005

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>25</td>
<td>23</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>France</td>
<td>24</td>
<td>21</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>Germany</td>
<td>24</td>
<td>22</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Greece</td>
<td>29</td>
<td>25</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Hungary</td>
<td>26</td>
<td>24</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Italy</td>
<td>29</td>
<td>26</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Spain</td>
<td>29</td>
<td>27</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>Sweden*</td>
<td>na</td>
<td>na</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>UK</td>
<td>23</td>
<td>20</td>
<td>24</td>
<td>20</td>
</tr>
</tbody>
</table>

Note:  EU25 estimates *2004

We do not have information for 1995 for Sweden but Sweden stands out in 2005 for having the youngest age of transitions for both men and women – at 21 and 20 respectively.

The current transition patterns reflect both long established variations among European and dynamic processes of change which resist categorisation as either a process of cross-country convergence or divergence or indeed of standardisation or destandardisation of individual biographies (Billari and Wilson 2001; Billari 2004). The causes of the longstanding national variations in transition patterns lie in both cultural and institutional factors, raising the chicken and egg question, that is whether institutions reflect or create culture. The variations certainly reflect differences in attitudes towards family and marriage, linked to religious beliefs and strong social norms (Pfau-Effinger 1993, 1999; Mayer 1997 [2001]) as well as material and institutional factors, such as access to stable wage income (or alternative sources of income) and to property and family wealth. Recent changes in transitions also reflect both changing social norms and changing opportunities for access to independent living. Increasing diversity in transitions may not necessarily reflect diverging social norms or aspirations but changing structures of opportunities.

One contender for explaining divergence is differences in social attitudes and behaviours with respect to the family and family formation. Southern European countries are regarded as having strong family ties, consistent with inter-generational cohabitation and late departure from the parental home. In contrast departures tend to be earlier for those countries with traditionally weak family ties and lower levels of intergenerational cohabitation at all life stages – for example in Sweden, Germany, the UK and France. Moreover, transitions out of the parental home may be associated with different social processes; in southern Europe the transition primarily involves marriage and the setting up of a formal separate family – for example in Greece in 2001 63 per cent of male departures and 79 per cent of female were to live with a partner and 48 per cent involved moving to their own home (Karamessini, this volume). Marriage is also expected to precede first birth, as indicated by the low shares of births outside of marriage. In the other countries transitions are associated with more variable social statuses – including independent living or cohabitation on a more informal basis – and may involve a series of departures and returns to the parental home. These more variable transitions reflect more varied life courses, for example with multiple unions, and high and rising shares of births outside of marriage which now often takes place after first birth.

The cultural explanation of divergent patterns cannot fully account for evidence of increasing tensions and contradictions within the southern model, manifest first in the now very low fertility rates. Esping Andersen
et al. (2002) have argued that late departures lead to postponed fertility and ultimately unfulfilled desires for children as the biological time available for reproduction is restricted. Simonazzi and Villa (this volume) also argue that in the case of Italy late departure is not only to be explained by traditional family values but also by women’s increased aspirations for careers and their reduced willingness to enter into marriage at an early age. Indeed, while delayed departure involves a high level of family support for younger adults, it may also be indicative of a narrower range of supported behaviours: thus Holdsworth’s (2004) study found that families in Spain provide more support to young people than those in the UK and Norway, both through shared living and support for transitions to marriage, but parents in the UK and Norway were more likely to support young people leaving for individual independent living. The outcome of the wider range of support is in fact a greater standardisation of departure ages, for example in Sweden (Billari and Wilson 2001), compared to southern European countries where there is a more dispersed age of departure, reflecting variation in the age of marriage. Thus standardisation of the reasons for leaving parental homes is associated with a destandardisation of ages of leaving and marriage and vice versa (Billari and Wilson 2001).

Whatever the continuing differences in social values and in modes of family support, it is the more immediate resource issues that shape changes in the timing of transitions, particularly the organisation of education, housing and the labour market.

While extended education and delayed transitions into employment are a common feature of all nine countries, their impact on departure from the family home depends in part on whether higher education is largely provided in the local community or away from the home base. Billari (2004) points to arguments that the organisation of the educational system may itself reflect the strength of family ties and expectations that the family will bear the costs of education through cohabitation. Studying at home and receiving support in kind is much more common in southern European countries, while at the other end of the spectrum in Sweden, although higher education starts later and continues longer than most, the impact on transition out of the parental home is limited as there is state support for students on an individual basis. In the UK also only one fifth of students were living in the parental home in 2005. However, that share had nevertheless risen sharply from a low base of 12 per cent in 1995/6 (Universities UK 2006) reflecting the replacement of the generous grants for students by loans and the introduction of student fees as the number of higher education places expanded. Even when students live outside the parental home, dependence on the parental household has often increased. This postponement of independence is institutionalised in
Austria by extending family allowances up until the age of 26 for students (Mairhuber, this volume) and in France up until age 21 (Erhel et al., this volume). Several countries, for example France and Germany, provide for parental tax relief for support. In contrast, Sweden and the UK treat those over 18 as independent adults for tax and benefit purposes, although the UK is inconsistent in means-testing enhanced student loans and grants on parental income (Rubery, this volume). These different approaches in part reflect the lack of any legal obligations on parents within the Swedish and the UK systems for adult children.

While educational arrangements affect transitions to independent living for those attending higher education, it is the housing regime that has an even more pervasive effect. The housing regime includes the availability of finance for housing (rent or purchase), the availability and price of housing and the role of housing in wealth transmission and creation. These different aspects impact on the ability of young people to move into independent living. In Sweden young people are able to call on, if necessary, state support to meet housing costs based on means-testing of their own independent incomes or student grants; this recognition of young people as independent adults reflects and supports the individualisation of society, based on universal citizenship rights in this distinctive social democratic regime (Anxo, this volume). In Germany early departure from the parental home reflects more the affordability and availability of rented housing. House prices are also low and have fallen relative to income since 1997, thereby reducing pressure on young people to make an early purchase and facilitating transitions to independent living in rented accommodation. Opportunities for independent living are extended to those on low incomes through state support for housing costs of apprentices who need to live away from home. In the UK early transitions to independent living have been fuelled in part by the opposite trends, namely the importance of early entry into the housing market to ensure future security and to avoid the high priced rental market. Data from the Luxembourg income study, averaged over a range of years from the 1980s and 1990s (Chiuri and Jappelli 2003), show that over 63 per cent of those aged 26–35 were owner-occupiers in the UK compared to under 19 per cent in Germany. Sweden also has a high rate of house purchase at an early age (55 per cent of 26–35-year-olds) though departure from the family home usually precedes house purchase. Spain at 40 per cent and France and Austria at 34 per cent occupy intermediate positions with respect to young persons’ home ownership while Italy is similar to Germany at 22 per cent but due to delayed departure not to high renting (no data for Greece or Hungary). In the UK extreme price rises over recent years have created obstacles for first-time buyers, creating more dependence on the family, either through
delayed departure or greater reliance on family finance for first purchase. In contrast to Germany, state support for housing costs has only been available to higher education students as well as to lone parents, possibly associated with high teenage birth rates in the UK.

The delayed departure from the parental home in the southern countries is also associated with high house prices and an expectation of movement into owner-occupied rather than rented accommodation. A house price boom, particularly strong in Spain, has been fuelled in part by the increased availability of credit in the wake of EU internal market reforms but credit for young people still remains restricted in some countries, for example Greece, compared for example to the UK (Mulder and Billari 2006; Karamessini 2009). At the same time deregulation of the housing market has often pushed rents above the affordability line for many young people (Karamessini, this volume; Simonazzi and Villa, this volume). The effect has been to intensify class divides and reinforce a still high and in many cases increased dependency on family support, due to the high costs of housing. This increased dependency is mirrored by the maintenance, and in many cases reinforcement, of the role of the family in facilitating intergenerational transfers of wealth. Thus while the increased price of housing is a source of intergenerational conflict for those whose families do not have wealth or whose families do not wish to share it, for others it is a means of consolidating class divides through intra-family and intergenerational transfers (Arber and Attias-Donfut 2000). Spain has in fact introduced some state support for young people’s housing costs from 2005 (Miguélez and Recio, this volume) in response to these large increases in rents and house prices, but this is insufficient to offset the increased inequalities.

Hungary is the country where the changes in the housing market have had the most significant effects on the timing and form of transitions to independent living. Departure from the parental home is now delayed to a similar extent to that in the southern countries but the reasons lie in the nature of the housing market, not on expectations of co-residence until marriage. There is in fact a common crisis in housing provision for young people across accession countries (Mandic 2008). The situation in rural Hungary is not so serious due to a tradition of rural self-build, but in the cities in Hungary there is also evidence of a housing crisis. Prior to 1989 most relied upon state-subsidised housing for rent and although queues for such housing were long, eventually young people would access some state housing. No significant private rental market has emerged as a substitute for the demise of state housing and young people in the 1990s were forced, due to a lack of alternatives, to take out state-subsidised loans for purchasing very small flats. This scheme is no longer available and credit is...
in short supply. However, home ownership now accounts for greater than 90 per cent of all housing, the highest rate in Europe (Spéder et al., this volume). Most young people now have to rely on help from their families, in either extended cohabitation and/or finance. Families that have benefitted from house price inflation are able to help but other young people face limited prospects of being able to leave the parental home.

Although young people generally are experiencing a delayed and potentially more precarious integration into stable employment, research has not found a universal link between access to stable employment and the timing of transitions to independent living. Aassve et al. (2002) found that access to reasonable income and employment was in fact important in those countries which normally involved extended periods of intergenerational cohabitation. Gaining access to independent income seemed to be more of a precondition for early departure from the parental home in all the southern countries plus also the UK. In contrast it played little role in determining transitions in Denmark, the Netherlands and Germany and a moderate role in France. In Spain independent living is increasingly dependent on two income earners (Miguélez and Recio, this volume), a possible factor underpinning the relatively rapid increase in female employment in Spain over recent years where young people are more likely to take on mortgages compared, for example, to Greece where family purchase of housing is more common. While early access to employment facilitates early departure in the southern countries, the unemployed young have even more limited choices than their northern counterparts other than to live at home, dependent on the family as they have no or very limited access to unemployment benefits (Ékert-Jaffé and Terraz 2006).

**Assessment of the Transitions to Independent Living**

Using the criteria for assessment identified in Table 1.1, we find, with the exception of Sweden – and in different ways Germany – that transitions to independent living for young people are potentially becoming increasingly dependent on family income and wealth (against the equity criterion) and also may in many cases be delayed to the point where fulfilment of life course objectives, including union and family formation (against the empowerment criterion) is put into question. With the primary exception of Sweden, this transition phase is primarily reliant on private finances to the exclusion of state supported decommodification of life chances. Spain has recently provided some limited support for housing for young people due to the major rise in cost of housing levels and some targeted state support for independent living is available for those with specific needs such as lone parents (for example in the UK) or for apprentices in
Germany. Germany also provides opportunities for young people’s independence through a large low-rent sector and limited pressure to enter home ownership. The UK with its relatively free availability of credit for housing has also enabled a large number of young people without family wealth to start to purchase housing but this practice also fuelled the house price boom, resulting in increasing inequalities for those excluded. Even within the UK the path out of the parental home has become more difficult with first the rapid rise in house prices and now the collapse of credit.

This increasing importance of the family as the determinant of this life course transition cuts across beliefs that the EU consists of relatively meritocratic welfare regimes, providing opportunities that are independent of family wealth and influence. Furthermore, the dependence of this transition phase on housing arrangements highlights the problem of omitting the mechanisms for transmission and creation of wealth in standard analyses of socio-economic systems. Welfare state systems may modify income inequalities but are less able to influence and modify patterns of wealth creation and distribution. Reinforcing the role of the family not only strengthens class inequalities but also increases the patchiness and chance elements in the social support system due to the increasing fragility and fragmentation of families. Although family support may fill in important gaps to compensate for lack of employment and housing opportunities – for example in the southern European countries young people are better protected against poverty than the young people living independently in the north – these benefits may come at major costs to young people’s opportunities for self determination and for fulfilling life course goals including reproduction.

GENDER INEQUALITY AND PARENTHOOD TRANSITIONS

The form and extent of gender inequality varies over the life course; problems of work–life balance dominate the mid years but follow on from sexual harassment in initial careers to discrimination on grounds of appearance in older age. Above all it is the transition to parenthood that has the most important impact on women’s life course and life chances. Welfare regimes can mitigate the life course costs to women (and to the rather small minority of men who become active fathers) but they can also exacerbate them. It is not only the direct conflicts between care and wage work at the time of intense parenting that create inequality but also the design of employment and welfare institutions to fit a male biography of continuous full-time work and of male or single earner responsibility for a
family. Furthermore, while reformed welfare regimes coupled with gender-specific policies could significantly reduce parenthood costs (Gornick et al. 1997; Stier et al. 2001), the main policy drivers for reform in this direction are just as likely to be the agendas of higher employment, lower welfare dependency or countering the ageing society as the promotion of gender equality. Policies may even be promoted in the opposite direction, reflecting resurgent conservative ideologies or government concerns to reduce open unemployment.

**Transitions to Motherhood in Nine European States**

Patterns of transitions to motherhood in the nine countries still reflect their traditional classifications within typologies of gender and welfare regimes. Moreover the now widely recognised positive relationship between women’s employment opportunities and fertility rates (Esping Andersen 1990; Bettio and Villa 1998) is also evident (see Appendix Table 1A.1). Thus social democratic Sweden has a high overall female employment rate, a higher employment rate even for mothers of young children than for women without children and a medium/high fertility rate while Italy and Greece still follow the Mediterranean model of low overall female employment, low fertility and a perhaps surprisingly limited impact of motherhood on employment, due in part to the overall low employment rate for women (although women may give up the struggle to enter employment due to lack of childcare availability) (see Table 1.6a and Appendix Table 1A.2). However, Spain during the 2000s appeared to break somewhat free from the southern model as female employment rose and the gap with the EU average rate, although still negative, closed. The UK combines a high employment rate with a high motherhood effect reflecting a lack of support services for young children but has nevertheless maintained a medium/high fertility rate. Austria and Germany have broken with the low employment rates for women associated with conservative welfare systems but their relatively high female employment rates are still combined with high motherhood impacts and low fertility. Finally France and Hungary both have medium female employment rates, brought down by general problems of high unemployment and the use of early retirement for older workers of both sexes. Yet France has a medium/high birth rate and a limited impact of motherhood on employment rates (although higher than previously as we document below), while in Hungary low fertility is combined with the largest negative employment impact of motherhood. This pattern reflects the legacy from the previous regime of long paid parental leaves but also the disappearance under the new regime of workplace crèches.
Disaggregating mothers’ employment into full- and part-time work we find that over 60 per cent of employed mothers with at least one child under six work part-time in Austria, Germany and the UK. In Sweden the proportions are roughly even but the share of part-time drops to only around one third in France, Italy, Spain and to under 12 per cent in Greece and Hungary. Variations in part-time work opportunities cannot provide a simple account of variations in headcount employment rates for mothers of children under six, which only vary from 52.7 per cent in Italy to 64.4 per cent in France – excluding Hungary and Sweden. This is a much narrower spread than that for shares of part-time work. Motherhood employment gaps measured as full-time equivalents are particularly large in Hungary and the UK (Table 1.6a) followed by Austria and Germany, but much smaller in the southern European countries and France. The shares of part-time work among mothers are reflective of the overall shares of part-time work in the labour market; that is of the employment regime, not just the welfare system. Moreover increases in employment rates for mothers often run ahead of changes in the development regime; for example in Spain the economic boom led to significant increases in female employment rates overall and for mothers, ahead of changes in welfare support.

Employment rates for mothers rise if those with older children (at least one child under 12) are included but the effects are modest (one to five percentage points in FTE rates), except for Hungary where the increase is a massive 16 percentage points (Table 1.6a). In all countries it is the employment rates of mothers with low or medium educational attainment which rise most when we include mothers of older children. Employment rates for mothers with low educational attainment are particularly low in Italy, Hungary and Germany. In contrast, mothers with at least one child under six with high educational achievement have employment rates in excess of 73 per cent in all countries except Hungary where it is still only around 40 per cent (Table 1.6b).

Policy regimes impact on mothers’ transitions by shaping both financial incentives and disincentives and the availability of support services. During the initial debates in the early 1990s on gendered welfare states our nine countries could be clearly divided into those that provided: (i) only limited leave and childcare – the southern European countries and the UK; (ii) extended parental leave but with limited paid leave and childcare, notably Germany and Austria and (iii) more extensive childcare and/or paid leave, that is Sweden, Hungary and France. These patterns were still largely in place in the mid 2000s (Table 1.7) although Hungary now primarily only provides long paid leave not childcare and Germany has significantly improved its paid leave provisions. Sweden and now Germany are
### Table 1.6a  Impact of motherhood on employment by head count and full-time equivalent and by age of youngest child

<table>
<thead>
<tr>
<th></th>
<th>Employment rate women 20–49 no children</th>
<th>Motherhood gap – at least one child under 6</th>
<th>Motherhood gap – at least one child under 12</th>
<th>FTE Employment rate women 20–49 no children</th>
<th>FTE Motherhood gap – at least one child under 6</th>
<th>FTE Motherhood gap – at least one child under 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>83.5</td>
<td>−21.0</td>
<td>−15.0</td>
<td>73.4</td>
<td>−30.2</td>
<td>−26.6</td>
</tr>
<tr>
<td>France</td>
<td>78.4</td>
<td>−14.4</td>
<td>−9.0</td>
<td>70.5</td>
<td>−17.5</td>
<td>−17.5</td>
</tr>
<tr>
<td>Germany</td>
<td>81.6</td>
<td>−22.9</td>
<td>−17.7</td>
<td>70.9</td>
<td>−30.7</td>
<td>−28.9</td>
</tr>
<tr>
<td>Greece</td>
<td>77.9</td>
<td>−14.7</td>
<td>−11.7</td>
<td>61.4</td>
<td>−10.3</td>
<td>−7.7</td>
</tr>
<tr>
<td>Hungary</td>
<td>76.5</td>
<td>−44.5</td>
<td>−28.1</td>
<td>75.3</td>
<td>−44.8</td>
<td>−28.8</td>
</tr>
<tr>
<td>Italy</td>
<td>67.8</td>
<td>−15.1</td>
<td>−13.8</td>
<td>60.8</td>
<td>−17.9</td>
<td>−17.0</td>
</tr>
<tr>
<td>Spain</td>
<td>76.9</td>
<td>−17.8</td>
<td>−16.1</td>
<td>70.7</td>
<td>−20.7</td>
<td>−18.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>73.0</td>
<td>+12.0</td>
<td>+12.0</td>
<td>n.a</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>UK</td>
<td>83.3</td>
<td>−27.5</td>
<td>−20.6</td>
<td>76.2</td>
<td>−37.5</td>
<td>−32.4</td>
</tr>
</tbody>
</table>

Note: *Own calculation based on Statistics Sweden (2005), year 2004 for Sweden.


### Table 1.6b  Employment rates of mothers (20–49 years old) with low, medium and high educational attainment

<table>
<thead>
<tr>
<th></th>
<th>Low educational attainment</th>
<th>Medium educational attainment</th>
<th>High educational attainment</th>
<th>Low educational attainment</th>
<th>Medium educational attainment</th>
<th>High educational attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>46.4</td>
<td>65.4</td>
<td>73.4</td>
<td>52.6</td>
<td>71.6</td>
<td>77.9</td>
</tr>
<tr>
<td>France</td>
<td>36.6</td>
<td>64.8</td>
<td>80.2</td>
<td>50.6</td>
<td>70.3</td>
<td>81.3</td>
</tr>
<tr>
<td>Germany</td>
<td>26.8</td>
<td>62.3</td>
<td>76.3</td>
<td>38.4</td>
<td>67.3</td>
<td>78.6</td>
</tr>
<tr>
<td>Greece</td>
<td>34.7</td>
<td>49.6</td>
<td>77.3</td>
<td>41.7</td>
<td>52.6</td>
<td>79.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>17.0</td>
<td>35.2</td>
<td>39.9</td>
<td>27.0</td>
<td>52.6</td>
<td>60.2</td>
</tr>
<tr>
<td>Italy</td>
<td>32.7</td>
<td>60.1</td>
<td>75.3</td>
<td>35.7</td>
<td>62.0</td>
<td>77.7</td>
</tr>
<tr>
<td>Spain</td>
<td>44.7</td>
<td>56.4</td>
<td>76.3</td>
<td>46.9</td>
<td>61.5</td>
<td>77.5</td>
</tr>
<tr>
<td>Sweden*</td>
<td>65.0</td>
<td>88.0</td>
<td>89.0</td>
<td>67.0</td>
<td>88.0</td>
<td>89.0</td>
</tr>
<tr>
<td>UK</td>
<td>35.2</td>
<td>56.3</td>
<td>76.2</td>
<td>44.0</td>
<td>64.1</td>
<td>80.2</td>
</tr>
</tbody>
</table>
the only ones to provide both a reasonable length of paid leave (calculated on an FTE income replacement basis) and a total leave entitlement that is not of excessive length. Too long leave results in disconnection from the labour market (OECD 2007) and the relatively long total paid leave available in France and Hungary on an FTE basis in fact requires the taking of very long leave paid at relatively low replacement rates. Austria, Germany and Spain have also provided long leave entitlements but with even lower entitlements to pay while the UK, Italy and Greece provide leave of both limited length and low income replacement. There are also tradeoffs in the provision of childcare; combining EU and OECD data, we find four countries have low-cost childcare but low availability – Germany, Greece, Hungary and Spain – with only Sweden combining low cost with high

Table 1.7 Support for transitions to parenthood

<table>
<thead>
<tr>
<th>Availability of childcare (1)</th>
<th>Cost of childcare (2)</th>
<th>Marginal tax on second income earners (3)</th>
<th>Total leave maternity plus parental (4)</th>
<th>Paid leave FTE equivalent (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>7</td>
<td>19.1</td>
<td>54.1</td>
<td>112</td>
</tr>
<tr>
<td>France</td>
<td>28</td>
<td>14.8</td>
<td>28.8</td>
<td>159</td>
</tr>
<tr>
<td>Germany</td>
<td>9</td>
<td>9.1</td>
<td>51.8</td>
<td>66</td>
</tr>
<tr>
<td>Greece*</td>
<td>7</td>
<td>6.6</td>
<td>16.0</td>
<td>31</td>
</tr>
<tr>
<td>Hungary</td>
<td>7</td>
<td>8.5</td>
<td>50.4</td>
<td>108</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
<td>n.a.</td>
<td>37.8</td>
<td>47</td>
</tr>
<tr>
<td>Spain</td>
<td>21</td>
<td>n.a.</td>
<td>19.5</td>
<td>172</td>
</tr>
<tr>
<td>Sweden</td>
<td>40</td>
<td>7.6</td>
<td>29.8</td>
<td>84</td>
</tr>
<tr>
<td>UK</td>
<td>26</td>
<td>43.1</td>
<td>23.4</td>
<td>52</td>
</tr>
</tbody>
</table>

Note: *Data in columns 4 and 5 refer to 2006/7 and do not include the 2008 improvements in leave entitlements in Greece.

Sources:
(1) Enrolment of under 3s in formal childcare (OECD 2009a Chart SS3.1).
(2) Net childcare costs as % average wage (AW) (dual earner household 167% of AW) 2 participating children aged 2 and 3 (OECD (2007) Babies and Bosses chart 6.5 panel A).
(3) Effective tax burden as % new job (67% AW) when partner enters employment (first earner on AW) without childcare costs (OECD (2007) Babies and Bosses chart 6.6).
availability. France has high availability at medium cost while the UK and Austria fall in the medium availability categories but at high and medium cost respectively (no information for Italy).

While the imprint of the traditional policy approaches is still evident, recently some significant changes in policy orientation can be identified, not all of which are yet fully implemented. One motivation for policy change is to address the increasing mismatch between actual behaviour and attitudes and the family models on which welfare regimes are based. Social changes have, if anything, been more rapid and fundamental than employment trends. For example, in 1980 fewer than 20 per cent of births were outside of marriage in our countries except Sweden where the share was already close to 40 per cent. By 2004 in five countries the shares of births outside of marriage exceeded one third and only Italy and Greece had shares below 15 per cent. These changes suggest some convergence in lifestyles across much of Europe. Furthermore, the decline in formal family structures raises the importance of financial economic independence for women which in practice may only be achieved through employment continuity. The need to adjust to new social patterns is also motivated by new fiscal challenges, for example to reduce the need for lone parents to be dependent on welfare or to increase prime age employment to expand the tax base. Moreover, not all policy changes are aimed at supporting mothers to remain in or re-integrate in work on a more equal basis. For ideological or other reasons there are still examples of policy changes aimed at encouraging mothers to stay out of the labour market or which are likely to lead to marginalisation if they re-enter employment. Some of our countries are represented in both sets of policy directions – either simultaneously or at different time periods.

In policy developments to support working mothers, Sweden is either explicitly or implicitly taken as a reference point, although the full characteristics of the Swedish model are not always appreciated. Sweden still offers the only ‘model’ within our nine cases where the welfare regime aims to reduce the life course costs of parenthood and provide opportunities for both men and women to be active parents while retaining their employment status. By providing paid leave at high income replacement rates, guaranteed and subsidised childcare together with rights to reduce hours and to reverse any reductions, there is a more seamless transition between the status of wage work and non-wage work, thereby potentially reducing the impact of this life stage on lifetime income and life chances. Nevertheless, the model has been criticised for creating barriers to women accessing high level work in the private sector, possibly explained by the costs of adjusting to leave entitlements (Estévez-Abe et al. 2001; Estévez-Abe 2005) but also possibly by women’s active choice of public sector...
careers where they feel more able to exercise their rights. Policy development in Sweden over recent years has indirectly addressed this issue by promoting the active involvement of fathers in leave and childcare to reduce discrimination and promote change in gender roles. The result is more fathers taking part in leave but the underlying gender division of labour has still proved resilient.

Many of the recent policy changes to support working mothers have come from countries with weak traditions of such support, indicating some process of ‘catch up’, in particular in Spain, the UK, Greece and Germany. However, while these signal significant changes in direction there are concerns in each case with respect to the coherence or efficacy of the new approaches. Spain’s 2007 equality bill now requires companies to make equality plans and allow reduced working hours, albeit unpaid, until the child is eight, in contrast to 1999 when the reconciliation bill called for changes only to be made if they did not affect company operations or other workers. However, the eventual impact may still be limited due to budget restrictions in the financial crisis. The UK has also moved to provide greater state support for employment continuity in response to the high level of two-earner families in the UK (Lewis et al. 2008) but the UK version of the ‘adult worker model’ has a strongly liberal tinge. Paid leave has been extended but at a low flat rate pay level. Childcare provision has been expanded but still involves high cost with no guarantee of services. Rights to request flexible working have been introduced but employers may refuse if they have reasonable grounds and there is no right to return to full-time employment. The Greek government has provided women with more rights to reconciliation – for example six months paid childminding leave after maternity leave from 2008 paid to the national minimum wage. Also under the influence of the EU, some improvements in public provision have occurred, including lengthening nursery and school provisions as well expanding childcare places, but relatives still provide the major source of childcare support to mothers. Germany has made the boldest moves towards a new approach to supporting parenthood transitions, starting around 2001 (Lewis et al. 2008) when incentives were introduced to return to work after one rather than the maximum three years of parental leave. From 2006 onwards childcare places for under threes have been increased and in 2007 parental leave has been shortened to 12 months (14 if the other parent takes at least two months of the leave) but paid at a much higher rate – two-thirds of previous earnings (67 per cent) with a minimum of €300 and a maximum of €1800 per month. This parental leave policy is closer to the Swedish model, and in France Sarkozy also has a plan for shortening leave, reserving leave for fathers and providing a higher income replacement. If this policy is implemented there may be
significant impacts on some groups of women, but as French mothers are already more continuous and often full-time employment participants, the impact may be anticipated to be less than in Germany.

The motivations for these changes are clearly mixed. Although ‘catch up’ provides part of the explanation, in Spain and the UK changes of governments provided the main catalyst. However, the main driving force is not necessarily gender equality; in the UK the stronger motivation has been the reduction of welfare dependency especially among lone mothers, and the associated reduction of child poverty. Likewise in Germany, the prime concern is not gender equity but the promotion of higher fertility, particularly among more educated women as Germany has one of the lowest fertility rates among the EU15. This new leave policy has thus not formed part of a general overhaul of the German model of employment and family policy as we discuss below.

The direction of policy change has not been universally in support of women’s labour market participation. Austria and France provide two examples where policies to encourage women to stay out of employment longer have been introduced, but for different reasons. The Austrian policy regime was already based on long parental leave, limited childcare and engagement in part-time work when in 2002, following the resurgence of a more conservative ideology, a new universal childcare benefit extended the benefit period to 30 months while the latest date by which mothers could return to a guaranteed job remained at 24 months. More recently there has been some reversal of this policy stance with options to take the childcare benefit at a higher rate for a shorter period, and with some progress made on rights to reduce working hours and to return to full-time work once children are older, but the eligibility conditions for these rights are likely to reduce their impact (Mairhuber, this volume). An apparently similar policy change in France from the mid 1990s onwards funds mothers to stay out of the labour market and care for their children. However, this policy is linked not to the rebirth of a stay at home ideology but to the dominant French public policy agenda of reducing open unemployment (Lewis et al. 2008). The effect is to reinforce a dual model in France, that of providing both childcare support and support for women to stay home, a policy approach evident in the 2004 reform which both extended paid childcare leave to the first child and introduced new forms of childcare services (Erhel et al., this volume). More mothers of young children are indeed staying home and/or working part-time but the underlying commitment to a model of full-time employment fostered by early development of childcare remains strong, with most mothers returning relatively rapidly to full-time work.

Dualistic models are also emerging in Germany: on the one hand it has
maintained its tax-splitting system which provides disincentives to second-income earners and promotes the taking of mini jobs that provide only dead end or marginal employment opportunities. Germany and Austria are the two countries where there has been in fact a trend decline in female FTE employment rates. The contradictions in the German model can be attributed in part to the clash of welfare state approaches between eastern and western Germany but they also relate to the reluctance of the government to reform the male breadwinner welfare state at a time when male breadwinners are facing losses from the reforms to unemployment and pension systems and from the erosion of collective bargaining (Bosch et al. 2009).

So far we have focused on examples of policy change. Hungary and Italy are perhaps more notable for their inertia. Hungary has dismantled the socialist regime’s childcare provision but has done little to replace it while maintaining the legacy policy of long paid leave. The consequence has been a decline in fertility and it is only through postponement of childbirth that Hungarian women have been able to recover the employment levels they had already achieved by 1990. For those who do become mothers, paid leave is still being taken but re-entry is problematic because in the long gaps jobs disappear and the right to return to work is not properly enforced. Part-time work is now allowed after the child is one-and-a-half without loss of benefit, but employers are apparently just as reluctant as workers and trade unions to operate part-time work systems (Cazes and Nesporova 2004, 2007). Continuing job shortages may be restricting motivations to improve reconciliation policies to facilitate re-entry at an earlier date. Italy has also made little attempt, certainly over recent years, to change the family-based Mediterranean model into a model providing public services to support motherhood and instead continues to rely on the family for the organisation of care. Parental leave legislation, although in principle relatively progressive and including incentives for participation by fathers, has not been supported by the development of childcare services. Indeed state intervention, where found, comes more in the form of cash payments to the family, fuelling an underground economy in care, staffed by women, particularly migrants (Simonazzi and Villa, this volume). This informal sector provides one way of overcoming the mismatch between Italian women’s aspirations and the opportunities offered them by the employment and welfare regime but they still remain relatively excluded from the formal employment sector.

Assessment of the Transitions to Parenthood

Sweden still stands out from other welfare regimes in pursuing a coherent and consistent policy of promoting equal parenting and mitigating
the life course impacts of parenting. Other countries are beginning to see the Swedish adult worker model as providing something to learn from and are introducing some elements within their own welfare regime, but so far these initiatives do not add up to a coherent life course approach as many internal contradictions and tensions remain. The new leave schemes in Germany, Greece and France are too new or not yet passed for a judgement to be made on their effects. The UK and Spain have made some moves towards the adult worker model but the low compensation for income foregone, compared to the Swedish model, still leaves women as economic dependants during this crucial life stage. No or very limited reforms have been addressed at fathers’ involvement. Moreover, although childcare provision has improved, only France and Sweden have a relatively comprehensive and reliable service. Where flexible working rights have been introduced, these have tended to be partial and to involve salary sacrifice, which either reinforces women’s dependence or leads to low take-up where low earnings make this an unpopular option. Many of the new positive policy approaches towards women’s employment have been motivated not by the pursuit of gender equality or better life course transitions but by objectives such as maximising employment rates, reducing welfare dependency or promoting higher fertility. There is no clear linear progress in policy support to match the rather universal changes in women’s aspirations for education, careers and empowerment. As such, the positive green shoots in policy agendas could still prove to be reversible if the recession leads governments to cut back on support for women staying in or re-entering the labour market.

TRANSITIONS IN PRIME AGE

In most publications on labour market issues the prime age is defined as the age between 25 and 54 years (for example Faggio and Nickell 2005). It is called ‘prime age’ because most careers and improvements in working conditions take place in this time span. In some publications, particularly those focusing on recruitment, prime age is defined as a much shorter time span, sometimes only from 25 to 35 years (for example Loretto et al. 2000). The implication is that in some labour markets and for some categories of employees there is only a narrow window of opportunity at the beginning of the working life in which to secure worklife trajectories with prospects for both good earnings and a career. This narrow window coincides with the main period of family formation with significant implications for both women’s careers and the opportunities for men to be active fathers. If one misses this opportunity to enter or stay on a ‘high-road trajectory’ he
or she remains on the low road in secondary labour markets and cannot catch up later unless there is institutional assistance for a second chance.

The differences in definitions of prime age indicate that the term ‘older’ begins to operate in employment at different points for different types of transitions (recruitment, career, transition from a temporary to a permanent job, unemployment, further training and so on) and also for different types of jobs and workers. Within our nine countries there is a high diversity in the formative institutions for prime age careers, including education systems (age of completion of education), unemployment insurance systems, labour market policies, employment protection, wage systems and support systems for further training. These institutions are potentially important, not only in providing protection but also in empowering prime age workers to seek new opportunities through opening up new career possibilities and avoiding the scarring effects of unemployment or involuntary job changes. In the following we will analyse first, the transition into a permanent job; second, policies for lifelong learning and third, the impact of unemployment insurance systems and labour market policy.

**Transition into a Permanent Job and Career**

Moving from temporary or insecure employment into a stable or permanent job is a pivotal transition that for some may only be achieved in prime age. Indeed Table 1.3 shows that median entry to a permanent job does not occur until after age 25 in five of the nine countries. A permanent job offers most workers more social benefits with reliable income and better working conditions and more promotion possibilities, although the extent of employment security varies significantly across the nine countries. In eight of our nine countries most men (69 per cent or more), with Spain the exception, have obtained a permanent job sometime between the ages of 25 and 34 years (Figure 1.3). The peak of permanent employment (employment rates weighted by share of permanent work) is reached in all countries with the exception of Spain in the age group 35–45, indicating that in many countries a non-negligible minority of young men face a prolonged period of economic insecurity and dependence until their late 30s and/or early 40s.

The employment profiles in Figure 1.3 do not indicate individual trajectories and may contain strong cohort effects. Some of the country chapters point to the disruptive effect of economic and political events on the employment profile of specific age cohorts. In Hungary many workers in prime age lost their job after the transition and were replaced by young better qualified employees (Spéder et al., this volume). This explains the exceptional strong decline of the share of men in permanent work between
The welfare state and life transitions

Employment rates by age, weighted by the share of employees on permanent contract, men, 2007

Note: Employment rates include self-employed implying an overestimation of permanent employment especially in countries with a high incidence of self-employment (Mediterranean countries).

Source: Own calculations based on Eurostat (2008).

Employment rates by age, weighted by the share of employees on permanent contract, women, 2007
the ages of 34–45 and 45–54 in Hungary, so that in the latter age group under 70 per cent of the cohort has permanent employment, some 12 percentage points below the share in other countries except for Spain. The much lower share of young male workers in Germany with permanent jobs compared to Austria, despite similar employment models, results both from a lower youth employment rate and a higher share of temporary contracts for those employed. The cause could be the weak bargaining position of the young generation in the period after German unification due to high unemployment (Bosch and Jansen, this volume). The higher share of permanent workers in Spain in the age group 45–54 years compared to the age group 35–44 indicates that the older cohorts have been less affected by the dramatic spread of temporary contracts. Nevertheless, the unweighted share of employees on permanent contracts never exceeds 88 per cent, even for the oldest age group 55–64, while in all other countries this share is 92 per cent or more. Subsequent cohorts can expect to have an even lower share of permanent employment, even at the end of their working lives.

For women the entry into stable employment is affected by the continuity of their employment in prime age; some only find permanent employment before having children, some only after. A much lower share achieve permanent employment in the 25–34 period, due primarily to lower overall employment rates although in most countries, and for most ages, the share of permanent contracts is lower for women than for men (Figure 1.3a and b).

Between ages 35 and 55 the share of women in permanent employment in the three southern European countries remains well below 60 per cent – and for Spain below 50 per cent. In the other six countries the shares rise to close to or above 70 per cent although never reaching the 80 per cent common for men in this age range. Hungary has the lowest share of this six at 67–68 per cent but in the age bracket 45–54 there is almost no gender gap, suggesting that men’s access to permanent employment was reduced more by the regime change in this age range than women’s. After prime age the share of permanently employed women decreases in all European countries, except Sweden, much faster than for men but primarily due to lower overall employment rates.

There is not much comparative research on career patterns in prime age. One reason might be that there are different meanings of a career. A career might mean an advancement in the hierarchy to a job with more responsibility and higher social status. It can also mean improvements in working conditions within the same job or through a transition to a job at the same hierarchical level but in another company or industry. Such ‘horizontal’ careers are important in countries with high wage differentials between
industries and companies of different sizes in which the most desirable jobs are found in the primary segment of permanent jobs, mainly in the big companies of high wage industries.

Unfortunately we do not have much comparative information on the incidence and impact of these different forms of careers. A proxy for careers is the different wage levels by age, gender and education, which are available for five of our countries (Figure 1.4). The most obvious common trend is the gender difference in earning levels. For the same educational attainment men can expect higher wages and more wage increases. The second common trend is that earnings prospects improve with educational attainment (with some exceptions). The third trend is that persons with tertiary education can expect wage increases up to the end of their 50s while for the other two educational levels the peak is reached much earlier (except for France). The reason may be that many promotions to upper management positions occur after the age of 45.

Beside these commonalities, the differences are striking. Sweden has the flattest income curves for men and women. Most wage improvements occur in employees’ late 20s and early 30s. Only men with tertiary education can expect wage improvements up to their late 40s. The wage curves of men and women with upper and lower secondary education are overlapping, indicating that decent collective regulated wages are also available to the low skilled. Wages are stable until retirement age which shows the stabilizing effect of collective agreements, such that wages do not decrease for older workers. The flat Swedish wage curves are a result of the absence of seniority pay systems and the low wage differentiation between industries and companies. Therefore, the scarring effects of involuntary job changes are very low in Sweden. In the UK most wage improvements occur quite early, up until the mid 30s for men and women with secondary education and until the late 30s for those with tertiary education. As one expects in a liberal market economy with low coverage of collective agreements, the wage curves are highly stratified by individual bargaining power which is linked to educational level. Male workers with upper and lower secondary education are particularly at risk of losing income in their 50s, probably associated both with involuntary job changes and lower bonuses in performance-based wage systems.

France is the best example of the impact of seniority-based wage systems on earnings profiles. Wages of French men and women of all educational levels increase throughout prime age until their 50s. Men get higher seniority premiums probably because of higher tenure and more continuous work careers. Men with tertiary education can expect wage increases even up until retirement, while wages at lower educational levels fall after age 55. On the other hand, tertiary education does not seem to pay off for
French women, nor upper secondary education for French men, possibly because of weak occupational structures in the French labour markets which often do not reward vocational training (Marsden 1990). If seniority pay is firm-specific, high penalties are paid for movements between

Source: Blöndal et al. (2002, pp. 11–12).

Figure 1.4 The structure of earnings by age and gender (late 1990s)
companies. Italy has strong internal labour markets with high protection for core workers. The main rewards in the Italian internal labour markets seem to be job security as seniority-based wage increases are lower than in France. Average job tenure is highest in Italy after Greece. Obviously we need to differentiate between job security and seniority pay to understand different career patterns in countries with strong internal labour markets. Italy has income curves as flat as those in Germany with its strong occupational labour markets. In Germany men with upper secondary education receive wage improvement up to their late 40s. There are established pathways to further training in prime age to the ‘meister’ or technician level or in services to business administrator. These promotional training courses lead to generally recognized certificates and open up careers to middle management.

In an ageing society, wage equity among adult workers, as found in Sweden and linked with high employment levels for men and women at all skill levels, seems to be the most future-proofed model. Seniority-based wage systems seem to be too costly in the long run and therefore not sustainable. U-shaped curves with income decreases for older workers indicate the potential risk of poverty problems among older workers.

Policies for Lifelong Learning

Further education and training can help employees to adjust their skills to new requirements because of structural or technological change or voluntary or involuntary job mobility. It may open up promotion opportunities or provide second chances for those who dropped out of education for varieties of reasons and at varieties of levels. Many studies have shown that participation in further education and training magnifies inequalities over the work life (O’Rand and Henretta 1999; Pallas 2003). Low-skilled workers with low income in particular often lack resources to invest in education and training. Financial support for further VET is strongest in Sweden. Adults are entitled to grants up to the age of 50 even for long-term leave to acquire general or vocational qualifications (up to university study). To increase training investments France introduced as early as the late 1970s a levy system for vocational training which also includes, besides a levy-exemption for training initiated by the company, a fund for long-term vocational training leaves (up to one year). In Hungary, Italy, Greece and the UK levy systems operate in some industries but with only low overall impact on training (Cedefop 2008).

Table 1.8 provides OECD data on non-formal job-related training. These data thus exclude formal education and training for adults which, for example, are very important in Sweden. The strong impact of the levy
system in France on the overall level of training but also on the distribution of hours by skill level is evident in the table. Sweden has the second highest level of training followed by Austria and Germany. In these two countries low-skilled workers are highly disadvantaged. The investments of the southern European countries but also the UK and Hungary in further training are below average and the low-skilled rarely participate. In most countries further training hours are concentrated in the first half of prime age, particularly in countries with low employment rates for older workers such as the continental and the southern European countries, and Hungary. Only graduates who have high employment rates between 55 and 64 years can expect high levels of training up until their mid 50s. Sweden has the most equal distribution of training hours over the age groups until retirement age. Surprisingly the gender gap in further training is low (OECD 2008b, Table C5.1.b) and in some countries is even in favour of women. This might be the result of an industry effect. More women are working in service industries with rather high levels of training (such as the health sector).

Table 1.8  Expected number of hours in non-formal job-related education and training by level of educational attainment between the ages of 25 and 64, 2003

<table>
<thead>
<tr>
<th></th>
<th>Lower secondary education (1)</th>
<th>Upper secondary and post-secondary non-tertiary education (2)</th>
<th>Tertiary education (3)</th>
<th>All levels of education (4)</th>
<th>(1):(3)</th>
<th>Gender relation Average hours for women/average hours for men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>140</td>
<td>420</td>
<td>767</td>
<td>422</td>
<td>0.18</td>
<td>0.80</td>
</tr>
<tr>
<td>France</td>
<td>450</td>
<td>692</td>
<td>1061</td>
<td>713</td>
<td>0.42</td>
<td>1.14</td>
</tr>
<tr>
<td>Germany</td>
<td>130</td>
<td>390</td>
<td>650</td>
<td>398</td>
<td>0.20</td>
<td>0.78</td>
</tr>
<tr>
<td>Greece</td>
<td>c</td>
<td>c</td>
<td>312</td>
<td>106</td>
<td>0.20</td>
<td>0.78</td>
</tr>
<tr>
<td>Hungary</td>
<td>c</td>
<td>270</td>
<td>402</td>
<td>253</td>
<td>1.63</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>26</td>
<td>111</td>
<td>254</td>
<td>82</td>
<td>0.10</td>
<td>0.88</td>
</tr>
<tr>
<td>Spain</td>
<td>102</td>
<td>261</td>
<td>503</td>
<td>237</td>
<td>0.20</td>
<td>0.91</td>
</tr>
<tr>
<td>Sweden</td>
<td>356</td>
<td>562</td>
<td>917</td>
<td>622</td>
<td>0.39</td>
<td>0.94</td>
</tr>
<tr>
<td>UK</td>
<td>103</td>
<td>297</td>
<td>480</td>
<td>315</td>
<td>0.21</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Note:  c = too few observations.

Source:  OECD (2008a, Table C5.1A).
Employment Protection, Unemployment Insurance, Labour Market Policy and Coverage by Collective Agreements

Unemployment is linked with immediate income losses but also may result in diminished earning prospects for the rest of the working life. These scarring effects can be mitigated in various ways, for example by strong employment protection which reduces the numbers dismissed and encourages labour hoarding in economic crisis, by income replacement during unemployment to reduce the income losses, by active labour market policy to support job search and empower the unemployed, and by a high coverage by collective agreements which may guarantee an effective floor of payment for similar activities within an industry and protects workers with weak bargaining power from having to negotiate wages individually.

Table 1.9 shows different institutional linkages which more or less
follow the well known typologies in the varieties of capitalism literature. The UK and also Hungary represent the liberal model with low scores in all categories. The southern European countries combine high scores of employment protection and collective bargaining coverage with low levels of expenditure on labour market policy (with the exception of Spain) especially in active measures. The replacement rates have been substantially increased particularly in Italy and Spain since 1981, but the coverage of the unemployed is below 30 per cent of the unemployed and has even decreased because of tightened entitlement criteria especially for persons without previous work experience (Immervoll et al. 2004, Figure 3.6).

The continental countries combine high scores of employment protection with high levels of expenditure on labour market policy, particularly in passive measures and involving high replacement rates and high collective bargaining coverage (except Germany). Sweden is the exceptional case, combining the highest level of expenditures in active labour market policy, with both high replacement rates and a high coverage of the unemployed and high coverage of collective bargaining. The Swedish empowerment approach, based on investing a great deal in active labour market policy and especially in training, makes sense in a country in which the job structure has been upgraded. It makes much less sense in an environment with high shares of low-skilled jobs such as in the UK and southern European countries as reported in the respective country papers.

The impact of the different institutional settings in European countries and the US on the scarring effects of unemployment has been investigated by Gangl (2006). He followed the trajectories of the unemployed in prime age (25–54) in the second half of the 1990s in 13 European countries and the US, including most of our countries. His analysis is restricted to those workers who were previously employed, which excludes the young people who had not yet found a job. The cross-national comparative analysis shows that labour market institutions such as employment protection and unemployment insurance did mitigate the costs of unemployment. The Scandinavian labour market institutions are most favourable to workers’ long-term earnings prospects after an unemployment spell. The continental countries occupy an intermediate position. They do better than the liberal economies although ‘the pool of unemployed workers consists of workers with poorer labour market prospects on average so that positive institutional effects materialize despite a stronger selectivity of jobs in those markets. This in turn suggests that behavioural and structural effects of institutional arrangements must be fairly pervasive’ (Gangl 2006, p. 1009). Probably the most surprising result is that prime age workers in the southern European countries in his study fare almost as well as in the Scandinavian countries although these countries are not investing much in active labour
market policy and erect high barriers around internal labour markets. The price may be above average unemployment problems for young workers.

Assessment of Transitions in Prime Age

Work and career patterns in prime age are strongly shaped by the institutions of the welfare and employment system in eight of our nine countries. Most workers still secure in prime age a permanent job and profit from the high employment protection for core workers which is most pronounced in France and southern Europe but also evident at a medium level in the other countries. The strong protection of workers in prime age reflects the legacy of the old breadwinner model which required the main earner of the family to be privileged in the labour market (Nickell 1997). Only in the UK is employment protection and also average tenure relatively low.

However, what is new is that substantial minorities of workers, especially in Spain, only obtain a permanent job in their 30s or possibly later, indicating that many in early prime age experience a prolonged period of social insecurity. In the southern European countries and in Hungary the traditional high protection of the breadwinner has not been supplemented by new instruments of activation, unlike in Sweden, France and to a lesser degree Germany and Austria. In these countries the welfare state supports lifelong learning or has developed schemes of active labour market policy to assist workers to update their skills to new requirements.

Besides state intervention, pay systems negotiated by the social partners or set by the employers have an important impact on careers. In the liberal market economy of the UK, with its bifurcated skill structure and low coverage by collective bargaining, the wage curves differ by bargaining power and educational attainment. For the lower skill levels the income curves are not flat over the life course and wages start to decrease even for those in their late 40s. Seniority pay systems seem to have survived for the better skilled. In the occupational German labour markets there are strong pay differentials by skill level and less by age but, contrary to the UK, wage curves are flattened over the work life for all skill levels. The dominant career strategy in Italy is to obtain a secure job in prime age, while in France men and women at all skill levels can count on continuous wage increases in prime age. The model of high wage equity among adult workers linked with high employment levels for men and women at all skill levels, as found in Sweden, seems to provide the best prospects in an ageing society. In contrast, seniority-based wage systems may be too costly in the long run and therefore not sustainable, while U-shaped wage curves that imply income decreases for older workers raise the prospect of increasing poverty among older workers.
TRANSITIONS FROM WORK TO RETIREMENT

From the early 1970s to the mid 1990s in most advanced economies there was a clear trend for people, or at least men, to withdraw earlier and earlier from the labour market, reflecting both lowering of standard pension ages and, in several EU member states, a massive use of early retirement schemes or alternative exit routes such as disability pensions or unemployment benefits. The resulting decline in employment rates was particularly marked in France (32.5 percentage points) Spain (22.9 percentage points) and Germany (17.4 percentage points). Increases in employment rates since 1995 have only partially reversed these falls. It should, however, be noted that countries like Italy and Hungary even in the early 1970s already had a low employment rate among elderly male workers of below 50 per cent, while the decline started later in the other six countries. Despite the declines in these six countries, employment rates for older men have only fallen below 50 per cent in the case of France.

If we also take into account older women’s employment rates we find seven countries are far from reaching the EES target of 50 per cent, with four countries – Austria, France, Hungary and Italy – failing to reach even 40 per cent in 2007. The other group includes Sweden and also, but to a lesser extent, the UK, where the employment rates of older workers (55–64 years old) are significantly above the 50 per cent target (even reaching 70 per cent in Sweden). These two countries are often taken as representing polar types of welfare capitalism and indeed their relatively high employment rates among senior workers reflect the different welfare systems. The lower degree of decommodification, in particular the relatively low replacement rate of the statutory/mandatory pension schemes (see Table 1.12) and the uneven coverage of occupational pensions in the UK create strong incentives for working longer. In contrast, in Sweden it is the higher degree of decommodification and the high level of public spending that requires a high level of employment over the whole life course and at the end of the job career for both men and women. Obviously this later exit is also encouraged by the age culture or norms embedded in Sweden’s human resource management practices, such as less prevalent age discrimination, relatively flat age–earnings profiles and the financial incentives to postpone retirement in the new Swedish pension system (see below).

The extremely low employment rate of older workers in Austria, France, Hungary and Italy partly reflects the large share of older working age people who are still receiving benefits from pre-retirement schemes as well as the presence of alternative benefit-funded exit routes. The low employment rate among senior workers in France results from two main phenomena. First, from 1981 the statutory age of retirement was reduced
### Table 1.10  Trends in employment rates of older workers (men 55–64 years old, 1971–2007) employment rate (55–64 years old, all and women 2007) and gender gap, 2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>62.7*</td>
<td>35.1</td>
<td>42.8</td>
<td>41.4</td>
<td>49.8</td>
<td>+11.4</td>
<td>+8.4</td>
<td>38.6</td>
<td>28.0</td>
<td>21.8</td>
</tr>
<tr>
<td>Germany</td>
<td>77.1</td>
<td>53.6</td>
<td>48.2</td>
<td>48.2</td>
<td>59.7</td>
<td>−17.4</td>
<td>+11.5</td>
<td>38.3</td>
<td>43.6</td>
<td>16.0</td>
</tr>
<tr>
<td>Greece</td>
<td>74.8*</td>
<td>65.6</td>
<td>58.9</td>
<td>55.7</td>
<td>59.1</td>
<td>−15.7</td>
<td>+3.4</td>
<td>51.5</td>
<td>26.9</td>
<td>32.2</td>
</tr>
<tr>
<td>France</td>
<td>73.0</td>
<td>46.8</td>
<td>38.4</td>
<td>38.5</td>
<td>40.5</td>
<td>−32.5</td>
<td>+2.0</td>
<td>42.4</td>
<td>36.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>27.9**</td>
<td>-</td>
<td>27.1</td>
<td>33.0</td>
<td>41.7</td>
<td>+13.8</td>
<td>+7.7</td>
<td>33.1</td>
<td>26.2</td>
<td>15.5</td>
</tr>
<tr>
<td>Italy</td>
<td>46.5</td>
<td>37.5</td>
<td>42.3</td>
<td>40.3</td>
<td>45.1</td>
<td>−1.4</td>
<td>+4.8</td>
<td>33.8</td>
<td>23.0</td>
<td>22.2</td>
</tr>
<tr>
<td>Spain</td>
<td>82.7*</td>
<td>59.1</td>
<td>48.0</td>
<td>55.2</td>
<td>60.0</td>
<td>−22.9</td>
<td>+5.3</td>
<td>44.6</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>82.8</td>
<td>73.2</td>
<td>64.4</td>
<td>67.8</td>
<td>72.9</td>
<td>−10.1</td>
<td>+5.1</td>
<td>70.0</td>
<td>67.0</td>
<td>5.9</td>
</tr>
<tr>
<td>UK</td>
<td>82.9</td>
<td>62.3</td>
<td>56.1</td>
<td>59.8</td>
<td>66.3</td>
<td>−16.6</td>
<td>+6.5</td>
<td>57.4</td>
<td>48.9</td>
<td>17.3</td>
</tr>
</tbody>
</table>

**Note:** *Microcensus 1971 Data, **1970 Census Data

**Source:** Eurostat (2008) and Guillemard (2003).
from 65 to 60 years and massive use was made of public early retirement schemes for the 55–59 years old (see Table 1.11). Despite reduced public expenditure on such programmes in the mid 1980s, the ‘culture’ of early retirement remained dominant until the end of the 1990s. Secondly, unemployed persons aged over 57.5 years in France were exempted from job searching while still being entitled to unemployment benefits until retirement. In Austria and Italy massive use of early retirement schemes allowed and encouraged able workers in their 50s to exit the labour market. In Hungary, the massive use of disability pensions, targeted principally at the low educated and blue collar workers, was a way of handling the social tensions resulting from restructuring after the political regime change. In spite of efforts, even in the more stable conditions of the 1990s it proved impossible to eliminate the practice of early retirement such that

Table 1.11 Early, standard and mean age of retirement breakdown by sex

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>65/60</td>
<td>65</td>
<td>58.9</td>
</tr>
<tr>
<td>France</td>
<td>60</td>
<td>60</td>
<td>58.7</td>
</tr>
<tr>
<td>Germany</td>
<td>63</td>
<td>67**</td>
<td>62.1</td>
</tr>
<tr>
<td>Greece</td>
<td>58</td>
<td>65</td>
<td>62.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>62/60</td>
<td>62</td>
<td>59.7</td>
</tr>
<tr>
<td>Italy</td>
<td>57/56</td>
<td>65</td>
<td>60.8</td>
</tr>
<tr>
<td>Spain</td>
<td>65</td>
<td>65</td>
<td>61.4</td>
</tr>
<tr>
<td>Sweden</td>
<td>61</td>
<td>65</td>
<td>65.7</td>
</tr>
<tr>
<td>UK</td>
<td>65/60</td>
<td>65***</td>
<td>63.2</td>
</tr>
</tbody>
</table>

Notes:
* The average effective age of retirement is defined as the average age of exit from the labour force during a 5-year period. Labour force (net) exits are estimated by taking the difference in the participation rate for each 5-year age group (40 and over) at the beginning of the period and the rate for the corresponding age group aged 5 years older at the end of the period. The official age corresponds to the age at which a pension can be received irrespective of whether a worker has a long insurance record of years of contributions (OECD 2009b).
** The standard retirement age in Germany has been raised to 67 years old in 2007. The change will take effect from 2012 and fully implemented by 2029.
*** In the UK the state retirement age will be 65 years for both men and women in 2020 and is set to increase to 68 by 2050.

Source: OECD (2003) and OECD (2009b) for the effective mean age of exit. For France, workers can retire at age 60 with 40 years of contributions; for Greece, at age 58 with 37 years of contributions; and for Italy, at 57 (56 for manual workers) with 35 years of contributions.
it has become a typical method of exiting the labour force. In Germany restructuring due to reunification was accommodated through public pre-retirement schemes. The UK has never had a national early retirement scheme, although public sector workers for a period were particularly likely to be offered early retirement, while in Sweden access to public early-retirement schemes for labour market reasons was first of all severely restricted during the end of the 1980s and abolished in 1991.

The gender employment gap among senior workers is lowest in France and Sweden, despite large differences in overall older worker employment rates, but is particularly pronounced in the Mediterranean countries, reaching 30 percentage points or above in Greece and Spain. These large gender employment gaps reflect women's general problems of integrating into employment at earlier stages of the life course and lack of opportunities to re-enter at later ages (see Anxo et al. 2006, Anxo and Erhel 2008); in Austria, Hungary and the UK, lower statutory retirement ages still apply to women allowing them to retire in principle on a full benefit before the age of 65 (see Table 1.11), but the statutory retirement age in Hungary and UK is planned to be respectively 62 and 65 years old for both men and women in 2020.

Recent pension reforms have reversed the trend to lower pension eligibility ages, with several countries introducing gradual increases in pension ages for both men and women. When these reforms are completed, most will have a standard retirement age of 65 years, 67 or more in Germany, and the United Kingdom. Only France and Hungary intend to keep normal pension ages below 65. Effective retirement ages are still on average even lower than the current statutory pension ages, except for men in Sweden (Table 1.11). In Austria, France and Hungary, the effective retirement age is even below 60, indicating the still large-scale use of early retirement schemes (Austria, France) or other equivalent benefit-based exit routes such as unemployment insurance (France⁹), or disability pensions (Austria and Hungary). The decline in the effective retirement age, evident in most of our selected countries from 1970, has been reversed at the turn of the new century but the withdrawal age is still significantly younger than in the 1960s and 1970s.¹⁰ This decline in the effective retirement age has been common for both men and women, although the exit age is effectively only calculated for those in employment from age 40 onwards which applied to smaller shares of each female cohort in earlier decades. The narrowing of gender gaps in exit ages over the last 40 years implies some form of convergence in exit behaviour of men and women but in practice, if retirement is to facilitate complementary leisure for couples, women are likely to exit earlier as the male spouse is still on average a few years older.

These long-run trends in exit ages do not only reflect the impact of
changing policy regimes but also the effect of rising living standards and the related increased demand for leisure.\textsuperscript{11} Also under technological and industrial restructuring the demand for low-skilled older workers has declined, leading to more effectively involuntary exits. The trend reversal in this century can be attributed primarily to the various pension reforms initiated in most of our selected countries over the last decade aimed at increasing financial incentives to postpone retirement and to the limiting or closing of national pre-retirement programmes or alternative routes to early withdrawal.\textsuperscript{12}

Pension Reforms

Over the last two decades, all our selected countries have undertaken pension reforms (see OECD 2008e). Austria, France, Germany, Hungary, Italy and Sweden engaged in comprehensive, structural pension reforms while reforms in Spain, Greece and the UK have been more marginal, at least in public pension systems. The primary objectives of reforms have been to ensure the long-run financial sustainability of public pension systems and to contain their future cost increases associated with the ageing population. Reforms have included, among other things, increases in retirement/entitlement ages, changes in eligibility criteria, a strengthening of the link between pension benefit levels and earnings, a lowering of replacement rates for new entrants as well as a greater role played by private pension schemes in providing incomes in old age.

A common policy response has been to encourage postponement of retirement by changing financial incentives to retire. Income penalties for early retirement have been introduced or increased (Austria, Germany and Italy) and/or there have been across the board reductions in income replacement rates (Germany\textsuperscript{13}). Benefits have no longer been indexed to real wages but to economic growth (Italy and Sweden). Similarly, some countries (Austria, France, Italy and Hungary) have extended the period over which earnings are taken into account instead of calculating benefit on a limited number of final years. France moved from the best 10 income years to the best 25 years in the public scheme while Sweden and Austria’s pension systems are nowadays based on a lifetime average earnings.

Two of our selected countries – Italy and Sweden – implemented a gradual shift from a pay-as-you-go benefit-defined system into a mandatory pay-as-you-go notional defined contribution system (NDC).\textsuperscript{14} The structural pension reform launched in Hungary in 1997–98 continued the pay-as-you-go state pension system but also set up a private insurance system with private accounts, mandatory for young people and providing incentives for pre-pension savings. These comprehensive pension reforms
have in common an important feature: pensions will in future automatically adjust to changes in economic growth and in life expectancy. Annuities will be lower, the lower is economic growth and the higher is life expectancy at the time of retirement, since the pension will be paid for a longer time. Such automatic adjustments to life expectancy have also been built into systems which have not undergone such systemic reform. For example Germany has linked benefit levels to life expectancy while France has opted instead to extend the years of contributions required for obtaining full benefits (OECD 2008e).

In contrast to the other countries, state pensions constitute a relatively low level of income in the UK although the basic pension is supplemented by more generous means-tested pension credits which have reduced pensioner poverty rates. However, these benefits are likely to become unsustainable as means testing reduces incentives to save and more people will become eligible for benefits as the non-statutory company-based occupational pensions that have been relied upon by many groups are increasingly closed to new entrants. To limit future state responsibilities some major changes in policy have been agreed; from 2012 the basic state pension will increase in line with earnings instead of prices, the retirement age will rise to 67 years old and from 2012 a national savings policy for second tier pensions will be introduced.

Assessment of Transitions to Retirement

In assessing the transitions to retirement, particular attention needs to be paid to the intra- and intergenerational consequences for equity and income distribution of the current pension reforms. Extending contributing periods (Austria, France) or introducing lifetime income principles (Italy, Sweden) can be expected to have quite different effects on socioeconomic groups and by gender. Lifetime income principles, compared to a system based on a limited number of best income years as in many of the old pension systems, tend to reduce pension benefits more for those with strongly upward-sloping age–earnings profiles. Thus in countries with a strong seniority-based wage system such as France, the reform will affect the pension replacement rates more than in countries with low wage seniority as for example in Sweden. Extension of contribution periods will also have more severe gender equity implications where women are not continuous employees and where there are limited credits for childcare periods.

Most of the pension reforms have taken some account of the differences in risks among social groups by limiting the cost of necessary work interruptions linked to parenting, care activities, or involuntary employment disruptions such as unemployment, disability or sickness, by introducing
some income-compensating mechanisms in calculating pension benefits, although not necessarily to an extent sufficient to offset the extensions of contribution years. Indeed there are major variations across countries in these compensating mechanisms according to the extent and type of interruptions across the life course and the generosity of compensation. In Sweden, by far the most comprehensive and generous in this regard, the time that workers devote to higher education, to small children or to national military service, as well as absence due to unemployment and sickness, all give rise to pension rights. Future entitlements to a pension in Sweden are thus currently not only related to work history and earnings but are also linked to other forms of activity across the life course and periods of benefit receipt. Some increased account of time spent in child-raising has been taken in Austria, France, Germany and the UK but there is no subsidy for reduced earnings for women due to time spent in part-time work related to family commitments, except partly in Sweden through the parental leave system.

For many women, lower pay, fragmented work career and/or long periods of part-time work imply strong income penalties during retirement. In the Mediterranean countries but also in the UK elderly women are especially at risk of poverty (see Table 1.12). Furthermore, there remains a considerable gender divide over who has or who does not have a significant occupational pension. This relates to women's interrupted careers and to lack of provision and uptake among those in part-time jobs. With the exception of Sweden, married women still remain strongly reliant on derived rights to statutory or occupational pensions. Benefits derived from marriage are becoming ever more uncertain owing to the increasing diversity of living arrangements and derived pension benefits have in some countries been continuously reduced (Austria) or even suppressed (Sweden). However, in some countries, like the UK, this dependency has been increasingly extended to cohabiting couples or same sex couples, in contrast to the development of a more general individualised pension system as in Sweden. The decline in state pensions and the inadequate coverage of women has been and will be a major source of inequality and poverty in the future in many of our selected countries. Thus there is a risk that the progressive substitution of the statutory pension scheme by occupational or private pension schemes in some countries will further increase the still existing gender inequalities.

In general the interaction between the increasing precariousness in employment (the rise of atypical employment and the increase of unemployment risks) and the stronger link between pension entitlements and work history make it more difficult for atypical workers (low-skilled, immigrants, and so on) to provide for a decent pension at retirement.
Another issue is the time period for reform. In countries such as Austria, Hungary and Italy, the pension reforms involve a very long transitional period. The coexistence, of different pension regimes as in Italy or Hungary leads to a striking degree of intergenerational inequality. The social contributions of the younger cohorts finance the generous pension benefits of the older cohorts, but at the same time are required to make additional savings to compensate for their future reduced statutory pension benefits. The UK’s younger age cohorts are being excluded from private company-based defined benefit schemes and at most have the option of participating in stock market-based defined contribution schemes, often without any inflation up-rating. Even those joining the public sector are encountering pressures to reform the still generous public sector schemes. These developments raise major issues of intergenerational equity, with younger people not only funding older people’s pensions but also facing much more limited prospects of retiring on decent pensions themselves. By contrast, in Sweden the new NDC system is the result of a broad political consensus and the awareness among all politicians of the urgency of reshaping the pension system in order to not only secure its long-run sustainability but also to ensure intergenerational fairness. Piecemeal reform of the

### Table 1.12: Old age pension gross and net replacement rates at average earnings (mandatory pension schemes) and proportion of men and women aged 65 years and older at risk of poverty*, 2006

<table>
<thead>
<tr>
<th></th>
<th>Gross replacement</th>
<th>Net replacement</th>
<th>Risk of poverty women</th>
<th>Risk of poverty men</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU25</td>
<td>–</td>
<td>–</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Austria</td>
<td>80.1</td>
<td>90.9</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>France</td>
<td>51.2</td>
<td>63.1</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Germany</td>
<td>39.9</td>
<td>58.0</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Greece</td>
<td>95.7</td>
<td>110.1</td>
<td>37</td>
<td>33</td>
</tr>
<tr>
<td>Hungary</td>
<td>73.0</td>
<td>97.8</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Italy</td>
<td>67.9</td>
<td>77.9</td>
<td>32</td>
<td>25</td>
</tr>
<tr>
<td>Spain</td>
<td>81.2</td>
<td>88.2</td>
<td>42</td>
<td>37</td>
</tr>
<tr>
<td>Sweden</td>
<td>62.5</td>
<td>65.6</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>UK</td>
<td>30.8</td>
<td>41.1</td>
<td>44</td>
<td>38</td>
</tr>
</tbody>
</table>

*At risk of poverty: Percentage of persons with and equalised disposable income below the risk of poverty threshold which is set at 60% of the national median equivalised disposable income after social transfers.

old system was not practicable as it would have required either too high increases in contributions by the current and future active populations or too large reductions in benefits. Compared to Italy, the Swedish pension reform has been implemented rapidly and the burden has been distributed more evenly across generations (see Anxo, this volume). Germany provides a more extreme example where pension reforms often have an immediate effect, because changes, such as the across-the-board reduction of pension benefits, affect all existing pension entitlements, including pensions in payment (OECD 2008e).

According to a recent study (OECD 2008e), the individual consequence of pension reforms at different levels of earnings varies between our selected countries. In France and Sweden, for example, as a consequence of the pension reform, pension benefits for average earners are expected to drop by around 20 per cent. However, low earners should expect only a slightly smaller pension than previously, implying a reduction in the dispersion of income among retirees. While the benefits of state pensions for average earners are expected to remain unchanged in the United Kingdom, low earners can expect a higher net replacement rate because of the new pension credit and second state pension.

In Italy, the reduction in benefits for low earners is estimated to be larger than for people on average pay, increasing the risk of poverty in retirement for people with low earnings, who also tend to have incomplete contribution records. The German pension reform with its across-the-board reduction of benefits entails a proportional decrease in benefits, broadly similar for low and average earners. A future rise in old-age poverty is also a concern in Germany, where the across-the-board undifferentiated cuts in public pensions may be considered regressive. With future lower public pensions, there is a risk that a larger share of retirees will be reliant on social benefits or other social transfers. While Germany’s pension reforms might have achieved financial sustainability, it is doubtful whether the drop in the value of the statutory pensions will be counterbalanced by supplementary occupational and private pensions, implying that a stronger safety-net will be needed to avoid a resurgence in old-age poverty.

CONCLUSION

The major institutions that shape the life course are the family, the labour market and the welfare state. These institutions provide the private and public resources which, in interaction with individual agency, determine the actual life course of individuals. The welfare state is the ‘only overarching institution that extends to the entire life including periods of non
work, and lack of family’ (Leisering 2003, p. 210). Through this coverage of the whole life course, welfare states have the potential to increase equity in opportunities and outcomes; not only may they mitigate the impact of class and family position but they also provide resources as entitlements, thereby reducing the randomness in access which occurs when these are dependent upon family or employment structures. Life courses seem to be less determined than in the past by normative age markers or strong role models. There are more possibilities for individual decisions and negotiations. Male and female careers, for example, are still ‘linked lives’ or ‘interrelated life courses’ (Krüger 2003) but these interrelations are less determined by traditional role models and are increasingly the subject of negotiations between partners (Heinz 2003). At the same time substantial changes in the economy and society, such as the ageing of the population, technological progress, international competition and increasing skill demands, impact on individual life courses.

We have argued that as a consequence of both more individualised lifestyles and structural social and economic changes, life courses are becoming more diverse and flexible. This brings about not only increasing heterogeneity but also new risks such as the obsolescence of acquired skills, divorce or unemployment. The main question is whether these new risks and the new requirements for flexibility, whether they be voluntary, negotiated or imposed, have long-lasting scarring effects across the life course. If so, can new institutional pathways for flexible life courses be developed that mitigate the risks of scarring effects?

Most comparative analysis takes a holistic view of systems and develops typologies of different varieties of welfare states. These typologies may be too general to grasp the impact of welfare state arrangements on different critical life transitions especially when it comes to change. In no country is the welfare state a homogeneous entity. It consists of many different subsystems with different actors; as a consequence it may work well in one area but not in another. Therefore, in spite of similar external policy pressures, such as from the European Employment Strategy, each national welfare state may respond to new risks in relation to some transitions but not those in others.

Starting from these theoretical considerations, we analysed in this volume, on the basis of nine country reports together with some comparative empirical data, the responses of these countries to the changing lifestyles and needs in five critical transitions. This analysis showed convergence of preferences ahead of convergence of policies and institutional arrangements. In all countries we found, for example, a remarkable expansion of education over recent decades which was fuelled to a large degree by the increasing ambitions of parents and students to improve their
chances of obtaining a decent job with good career prospects as well as by
government goals to develop a competitive knowledge society. A major
change is that the average educational attainment of young women is
now at the same level or above the educational attainment of young men.
Therefore it comes as no surprise that another example of convergence is
the increasing preferences of young women to continue to use these skills
by combining motherhood and work.

The responses to these and the other changes, which we have described
earlier in this chapter, were variable. They extend from a proactive and
consistent life course policy in Sweden, to selective and often contradictory
responses to changes in different life stage transitions, to inertia. They also
include active efforts by governments in some countries and in relation to
some life stages to change preferences and behaviour. Examples of inertia,
and limited and contradictory actions are found in all five transitions.

The prolongation of education increases the financial burden of the fam-
ilies with children in higher education. All nine countries support parents
of children in compulsory education by family allowances, tax reliefs or
study grants. However, when it comes to the recently expanded post com-
pulsory tertiary education, the picture is very heterogeneous. Only Sweden
has developed a universal grant system for young adults, which reduces
the impact of class and family in participation in education and training.
In all other countries the families are bearing most of the costs which have
been increased by the introduction of tuition fees and growing living costs
for students. The burden on the families is partly mitigated by targeted
support according to parental income. The subsidies to private house-
holds for tertiary education remain, however, small, especially in southern
European countries but also in France and Hungary. Contrary to the
individual aspirations of young people, rising house prices enforce delays
in their transitions to independent living or require increased support from
the family. Again it is primarily Sweden where the state provides support
for independent living, although Spain has also now begun to provide
limited assistance. In Germany the exceptionally low housing prices –
which are not a result of intended policies – have the same positive effect.
While housing policy for young people is not on the welfare policy map in
most countries, public support for improving reconciliation of parenthood
and work has been put on the agenda even in the conservative welfare
states. There is a move from an originally high reliance on family support
(except Sweden and France) to some state support and increased obliga-
tions on employers in some countries (like Germany, Austria, Greece,
Spain and the UK). The policies in some countries (Germany, Austria)
can be described as contradictory since the institutions providing the
traditional support for the male breadwinner model remain unchanged.
In contrast to Sweden, where family policy is clearly designed to support the dual-earner household, in these two countries politics tries to support different family models at the same time which makes their family policies both very expensive and ineffective. The same picture of piecemeal policy can be observed in the support of lifelong learning. Only Sweden has developed a universal grant system which provides a second chance for adults and has succeeded also in engaging employers in the training of the low-skilled. Also France, due to its levy system, has achieved a high participation rate at least in company-based training, while in the other countries, and here most pronounced in southern Europe and Hungary, there are only patchwork systems without aggregate effects. In the transition from work to retirement, the increasing precariousness in employment and the stronger link between pension entitlements and work history make it more difficult for individuals with interrupted careers (mainly women) and atypical workers (low-skilled, immigrants, and so on) to provide for a decent pension at retirement. Thus those following a flexible employment path face increased penalties, except where there is generous compensation applying to a range of forms of work interruptions. The Swedish policy stresses that entitlements to a future pension should be related not only to work history and earnings but also linked more to other forms of activity across the life course and periods of benefit receipt.

In Figure 1.5 we summarise our findings with respect to the role of state policies in shaping the life course. We use Leisering’s (2003, p. 210) concept of active life course policy which is defined as a policy which aims at shaping the life course by politico-administrative intervention. Negative or rather ‘passive life course policies’ leave the formation of the life course mostly to market forces, private companies and the family. We add in our overall evaluation two intermediate categories which we categorise as ‘limited life course policies’ and ‘supportive life course policies’. Both types are characterised by a patchwork policy approach where the state intervenes in certain life stages policy and for certain groups but not in others. However we reserve ‘supportive’ for those countries where there is evidence of strong active support for at least one life stage and limited for those where interventions remain at the moderate or medium level and even then apply to no more than three of the five life stages. This evaluation of interventions of the welfare state should not be confounded with outcomes. The actual outcomes are the result of the joint impact of the welfare state, the family and the market. In some cases welfare state interventions may not produce optimal outcomes: for example if these interventions are not well designed, if they are not coherent or if they discriminate against some groups in society such as women, ethnic minorities or foreigners.

Our analysis, based on some indicators of active intervention but also
taking into account the evaluations within the country chapters, revealed only one example of an active life policy (Sweden) and only three of supportive life policies (France, Germany and Austria). In Sweden the welfare state is taking an active role in all five transitions. The three countries in the supportive policy group are intervening at different levels and at different critical transitions. The two German-speaking countries strongly support the transition of young into the labour market and show medium scores in all other transitions for Germany and two more for Austria. France has been trying to improve the transition of young people into the labour market but as yet with only moderate success. With regard to parenthood, a major recent change in Germany is the stronger focus on reconciliation of parenthood and work. Over a long period France has built up institutions to facilitate the reconciliation of parenthood and work but protects the male breadwinner in prime age even more than the two German-speaking countries.
The remaining five countries are classified as only limited or in the case of Italy as passive. Complete abstinence from life course policy is not possible in highly developed countries so that even where policies are predominantly passive the family may only be able to take on protective functions if the main breadwinner in prime age up to retirement is well paid and protected. This is the main reason for the one medium score for Italy for prime age, as high protection of the male breadwinner is a pivotal point for its life course policy because dismantling this protection would diminish the capability of families to support their members in other life stages and would thus require a more active welfare state policy. Protection of the male breadwinner is also important in Greece and Spain – but protection is either not at so high a level or it provides less extensive coverage due to high levels of temporary working in Spain, for example. Nevertheless, Spain and Greece are still primarily reliant on the family but there is more evidence of efforts to provide additional, non-family support for the school-to-work and the parenthood transitions than in Italy. Hungary falls into the limited category not so much because of its longstanding reliance on the family but because of the general weakness of its institutions and its lack of resources in the post-socialist regime. The UK comes into the limited category by a different route, that is as a liberal market economy with weak state and family support systems. In some respects the welfare system may be more developed in the UK than in other ‘limited’ countries with respect in particular to safety nets, but these are required more due to low employment protection and weak family ties.

Most of the countries we have considered here do not have an explicit normative model for the life course but where they rely on, for example, the family or the labour market to provide support for life stage transitions there is an implicit acceptance of certain class and gender outcomes. In contrast there is an explicitly formulated life course model behind Swedish life course policy which contributes to its coherence. The model is based on the independent adult, which means that subsidies are paid to families only for children up to 18 years. Entitlements are individualised which reduces risks related, for example, to divorce. The model is based on the assumption that all adults work. The flexibilisation of work careers is institutionalised to reduce the scarring effects of voluntary and involuntary job changes. Low inequality also diminishes the costs of flexibility and increases the acceptance of the model in the population. However, a ‘bricolage’ of institutions (Crouch 2005), rather than coherent life course policies, seems to be the normal situation. Only selective support is provided leading to a substantial degree of incoherence, not only within the policies targeted at specific life stages but also when one looks at the life course as a whole and the cumulative effects of the different policies. Such
patchwork policy development may mean that the impact of the policy in one stage is undone in another stage. Earlier in this chapter we gave examples of such inconsistencies.

Thus even an absence of active life course policy has a normative base (Leisering 2003, p. 210). Leaving the financing of many critical transitions to the family and market forces reinforces existing class divisions. Indeed the increasing importance of the family in the school-to-work and independent living transitions casts doubt on the European ideal, as presented by the EU, as consisting of meritocratic societies, offering a high level of equality of opportunity. Such laissez faire approaches may also shore up the outdated traditional breadwinner model, although the long-term success of such policies depends upon whether women will continue to accept a passive role in the family and employment system. Passive life course policy can be ‘actively’ pursued and can prove to be a powerful and frequently used tool in shaping life courses. By not debating the need for new life course policy, important issues for equity and empowerment within and between generations across different life stages are allowed to disappear from the political arena. In the long run it may, however, not be possible to ignore the need for change. Inconsistencies in life course policy may come onto the agenda because of the unintended consequences of limited or passive life course policies such as decreasing fertility, loss of competitiveness or lack of social cohesion.

In the best of our worlds such inconsistencies would indicate a transition from one normative model and type of life course policy to a new more sustainable one. However, even where new normative models have emerged among citizens or in political debate, it may still be difficult to deviate from the old path. Path dependency in life course policy may result from constraints which spill over from other areas of politics. For example, the small fiscal tax base in southern Europe may limit the capacity of the welfare states to react to new challenges. Or the resistance of the defenders of the old family breadwinner model in the conservative welfare state may bring about a stalemate in politics without further development. In liberal economies an active policy of promoting apprenticeship systems or obliging employers to invest more in lifelong learning may be found to be in conflict with the policy of non-interference in product markets and may be effectively ignored by employers. Above all interventions by the state in life course policies need to be legitimised and responded to by other actors. Another reason for a contradictory life course policy may be populist strategies to maximise votes. An easy way to solve problems in the present is to shift them into the future. This approach seems to be dominant for example in Italy, where the young generation has to finance the costs of both its own and the older generation’s more generous benefits.
Such short-term ‘shareholder value’ policy is not only found in private management but has increasingly affected politics and is the ‘natural’ enemy of an active life course policy which aims at reducing inequality not only between gender and classes but also between generations.

This debate on life course policy finally leads us to the issue of whether destandardisation of life courses is necessarily linked with deinstitutionalisation as many scholars argue (Castells 1996; Carnoy et al. 1997; Beck 2000). Is the old reciprocal relationship between institutions and individual agency shaping the life course eroding away with only the individual as a sole and unprotected actor remaining? We have already argued that destandardisation and deinstitutionalisation are not the same (Bosch 2004). Indeed a reinstitutionalisation of life course policy may well lead to a restandardisation of life courses. Swedish life course policy is an example of institutionalised flexibility where workers alternate between periods of full-time employment, part-time employment and career breaks (parental or educational and training leave). Flexible career paths of this kind differ from market-driven individual ‘human capital portfolios’ (Carnoy et al. 1997) in that they are decommodified. Institutions that provide support at key life stages may not only open up new choices for individuals but also reduce the risks associated with increasingly heterogeneous life courses and erratic employment trajectories and the scarring effects of critical transitions. Thus active responses by the welfare state to new challenges require a re-institutionalisation of life course policy.

NOTES

2. For example: Germany wants to expand the share of graduates from tertiary education from around 20 per cent to the OECD average of more than 36 per cent. France aims to educate 80 per cent of an age cohort up to baccalauréat level from the current 65 per cent. Until the credit crisis the UK had the objective of 50 per cent of a cohort being in higher education.
3. This family support is not means-tested. However, it can only be claimed if the young adult is still ‘dependent’, that is, not earning above a certain limit.
5. One finds similar close links between education and training across Europe in regulated professional labour markets (such as doctors, nurses or lawyers) in which a recognized certificate is needed to enter these labour markets.
6. Between 1997 and 2007 the house price to income ratio fell in Germany from 86.1 to 65.2 while rising significantly in all the other five countries for which we have information; France from 82.8 to 140; Italy 77.9 to 115; Spain 94.9 to 158.8; Sweden 77.1 to 124.3; and the UK 77.2 to 149.7. Source: OECD (2008d) annex table 60.
7. In 2006 average job tenure in Italy was 12.3, in Greece 13.1, France 11.8, in Germany
8. The low but variable likelihood of re-employment for unemployed senior workers is partly a reflection of discriminatory practice from the employers’ sides and also a good illustration of contrasted human resource practices among countries. To illustrate, in France and Germany only 3 per cent and 4 per cent respectively of the seniors who were unemployed in 2000 became employed in 2001. The probability of making a transition from unemployment to employment was thus very low, in comparison with the prime age adults (27 per cent and 37 per cent respectively), or with other countries (20 per cent in Denmark, 27 per cent in the UK), see Anxo and Erhel (2008).
9. As well as a lower statutory retirement age in France and Hungary.
10. The effective mean age of retirement during the period 1965–70 was for men 66.7 years in Austria, 67.6 in France, 67.3 in Greece, 65.9 in Italy, 69.4 in Spain, 67.9 in Sweden and 67.7 in the UK. The corresponding figures for women were 64.2 years in Austria, 68.2 in France, 64.6 in Greece, 62.1 in Italy, 71.9 in Spain, 66.6 in Sweden and 65.7 in the UK (OECD 2009b).
11. According to OECD (2003), past changes in financial incentives (implicit tax rates on continued work) and standard retirement ages explain only a third of the trend decline in older males’ employment rates in OECD countries over the last three decades. This result suggest that other determinants, such as demand side factors and social norms play an important role in driving down the participation rates of elderly workers.
12. It is however difficult to disentangle the impact of these reforms from business cycle aspects and/or cohort or generational effect.
13. In Germany, the gross replacement rate of the statutory pension scheme is estimated to decrease from 52.7 per cent in 2005 to 46.3 per cent in 2019.
14. Sweden stands out in this group of countries, since collective agreement occupational pension schemes have always been important in pension provision and based on collective agreement. More than 90 per cent of the employed are covered by such occupational pensions. After the pension reform, this component increased to just under 50 per cent of the pension promise.
15. The old system based on the best income years also favoured people with a shorter contribution history.
16. In the UK contribution years will be reduced to 30, with more credits for caring activities, thereby increasing the share of women who qualify for a full state pension in their own right.
17. The Swedish parental leave system offers considerable scope for flexibility in that part of the leave can, for example, be taken over a longer period by working a shorter week/part-time with wage compensation (80 per cent of previous earnings).
18. In Italy, lower social security contributions due to lower pay and fragmented work careers add up to an average pension that is only slightly more than half the average male pension (see Simonazzi and Villa, this volume).
19. In Italy, only new entrants from 1996 will have their pensions entirely computed according to the new notional defined-contribution scheme, with no entitlement to seniority pensions.

REFERENCES


Cedefop (2008), *Sectoral Training Funds in Europe*, Cedefop panorama series, 156, Luxemburg.


Faggio, Giulia and Stephen Nickell (2005), Inactivity Among Prime Age Men in the UK, CEP Discussion Paper No. 673.


Müller, Walter and Markus Gangl (2003), Transitions from Education to Work in Europe. The Integration of Youth into EU Labour Markets, Oxford: Oxford University Press.


OECD (2009a), Society at a Glance, Paris: OECD.


Quintini, Glenda, John P. Martin and Sébastian Martin (2007), The Changing
Statistics Sweden (2005), Longitudinell Individdatabas (Linda), 2004, Statistics Sweden (SCB), Stockholm.
Universities UK (2006), Patterns of Higher Education Institutions in the UK: Sixth Report, Universities UK.
### STATISTICAL APPENDIX

**Table 1A.1  Employment performance, 2007**

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
<th>Hungary</th>
<th>Italy</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate – EU27 rate</td>
<td>6.0</td>
<td>-0.8</td>
<td>4.0</td>
<td>-3.9</td>
<td>-8.1</td>
<td>-6.7</td>
<td>0.2</td>
<td>8.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Youth employment rate – EU27 rate</td>
<td>18.3</td>
<td>-5.7</td>
<td>8.1</td>
<td>-13.2</td>
<td>-16.2</td>
<td>-12.5</td>
<td>1.9</td>
<td>5.0</td>
<td>14.9</td>
</tr>
<tr>
<td>Female employment rate – EU27 rate</td>
<td>4.9</td>
<td>3.0</td>
<td>5.3</td>
<td>-10.7</td>
<td>-6.8</td>
<td>-12.4</td>
<td>-4.2</td>
<td>14.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Older workers employment rate – EU27 rate</td>
<td>-6.1</td>
<td>-6.4</td>
<td>6.8</td>
<td>-2.3</td>
<td>-11.6</td>
<td>-10.9</td>
<td>-0.1</td>
<td>25.3</td>
<td>12.7</td>
</tr>
<tr>
<td>Youth unemployment rate – EU27 rate</td>
<td>-6.8</td>
<td>3.2</td>
<td>-3.6</td>
<td>7.4</td>
<td>2.5</td>
<td>4.8</td>
<td>2.7</td>
<td>3.8</td>
<td>-1.1</td>
</tr>
<tr>
<td>Unemployment – EU27 rate</td>
<td>-2.7</td>
<td>0.8</td>
<td>1.8</td>
<td>1.4</td>
<td>0.4</td>
<td>-1.0</td>
<td>1.0</td>
<td>-1.7</td>
<td>-2.4</td>
</tr>
<tr>
<td>Part-time share – EU part-time share</td>
<td>6.6</td>
<td>-8.2</td>
<td>8.3</td>
<td>-3.4</td>
<td>-11.2</td>
<td>-3.2</td>
<td>-11.8</td>
<td>4.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Fixed-term share – EU27 fixed-term share</td>
<td>-3.4</td>
<td>15.1</td>
<td>0.3</td>
<td>-7.3</td>
<td>-4.3</td>
<td>-0.4</td>
<td>-2.1</td>
<td>-2.4</td>
<td>-7.8</td>
</tr>
</tbody>
</table>
Table 1A.1 (continued)

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
<th>Hungary</th>
<th>Italy</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female FTE employment rate – EU27</td>
<td>1.3</td>
<td>2.6</td>
<td>−1.6</td>
<td>−4.0</td>
<td>0.3</td>
<td>−8.3</td>
<td>−1.3</td>
<td>12.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Mother one child under 6 FTE rate – EU27 rate</td>
<td>−3.5</td>
<td>6.3</td>
<td>−6.5</td>
<td>3.4</td>
<td>−16.2</td>
<td>−3.8</td>
<td>3.3</td>
<td>n.a.</td>
<td>−8.0</td>
</tr>
<tr>
<td>Fertility rate 2006 – EU27 rate 2006</td>
<td>−0.13</td>
<td>+0.47</td>
<td>−0.20</td>
<td>−0.13</td>
<td>−0.19</td>
<td>−0.18</td>
<td>−0.15</td>
<td>+0.32</td>
<td>+0.31</td>
</tr>
</tbody>
</table>

### Table 1A.2 Indicator grid: welfare state and social interventions in five critical life course transitions

<table>
<thead>
<tr>
<th>1. School to work</th>
<th>Austria</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
<th>Hungary</th>
<th>Italy</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Subsidies to tertiary education (Table 1.4)</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>1.2 Share 25–34 with at least upper secondary education (Table 1.4)</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>1.3 Importance of vocational education (OECD 2009a Table C1.1, van der Velden and Wolbers 2003 p. 199)</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>L</td>
</tr>
<tr>
<td>1. School to work summary index</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>2. Transitions to independent living</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>2.1 State intervention in housing for young (country chapters)</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>2. Transitions to independent living summary index</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>3. Parenthood transitions</td>
<td>Austria</td>
<td>France</td>
<td>Germany</td>
<td>Greece</td>
<td>Hungary</td>
<td>Italy</td>
<td>Spain</td>
<td>Sweden</td>
<td>UK</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
<td>--------</td>
<td>---------</td>
<td>-------</td>
<td>-------</td>
<td>--------</td>
<td>----</td>
</tr>
<tr>
<td>3.1 Enrolment of under 3s in formal childcare (Table 1.7)</td>
<td>L</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>3.2 Affordable childcare (Table 1.7)</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>(L)</td>
<td>(L)</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>3.3 Incentives to work (Marginal tax on second income earner without childcare (Table 1.7))</td>
<td>L</td>
<td>H</td>
<td>L</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>3.4 Paid leave (Table 1.7)</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>3. Parenthood transitions summary index</td>
<td>L</td>
<td>H</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>H</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Transitions in prime age</th>
<th>4.1 Expected hours in job-related training for low skilled (Table 1.8)</th>
<th>M</th>
<th>H</th>
<th>M</th>
<th>L</th>
<th>L</th>
<th>L</th>
<th>M</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2 Active labour market policy (Table 1.9)</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
</tbody>
</table>
4.3. Employment Protection Legislation for permanent workers (OECD 2004)

4.4. Summary measure of unemployment benefits (Table 1.9)

4.5. Coverage by collective agreements

4. Transitions in prime age summary index

5. Transitions to retirement

5.1. Income compensation for work interruption over the life course

5.2. Opportunities for older workers (number of hours in non-formal job-related education and training, 55–64 years old (OECD 2008b)
Table 1A.2 (continued)

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
<th>Hungary</th>
<th>Italy</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3 Active ageing/</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>lack of support for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>early retirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(inactivity rate older</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>men as a proxy)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Eurostat 2008)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4 Reduced risk of</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>poverty (Eurostat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Transitions to</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>retirement summary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>index</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- Scoring: H (3) = high, M (2) = middle, L (1) = low
- 1.1 H > 0.4% of GDP; M = 0.2% – 0.4%; L < 0.2% (Table 1.4)
- 1.2 H > 80%; M = 70% – 80%; L < 70% (Table 1.4)
- 1.3 H > 70% of upper secondary students in vocational training dominantly in dual systems; M > 50% in vocational programmes mainly in school-based systems; L < 50% in vocational programmes (OECD 2009a Table C1.1; van der Velden and Wolbers 2003 p. 199)
- Index 1: H 8 and more; M = 5–7; L up to 4
- 2.1 L = no or limited subsidies; M = selected or limited subsidies; H = universal subsidies based on individual income
- Index 2. L, M, H as under 2.1.
3.1 H > 25%; M = 10%-25%; L < 10% (Table 1.7 column 1)
3.2 H <10%; M = 10%-30%; L > 30% (Table 1.7 column 2)
3.3 H < 30%; M = 30%-50%; L > 50% (Table 1.7 column 3)
3.4 H > 48 weeks FTE total leave < 78; M = 26-48 FTE (or > 48 if total leave greater than 78); L < 26 weeks (Table 1.7 columns 4, 5)

Index 3: H 10 and more; M 8–9: L up to 7 (Italy and Spain for missing data score of 1 based on country information)

4.1 H 300 hours+; M 299–100 hours; L < 100 (Table 1.8)
4.2 H > 1% of GDP; M 1% to 0.5% of GDP; L < 0.5% of GDP (Table 1.9)
4.3 H > 1.7; M = 1.4–1.6; L < 1.3
4.4 H 30+; M = 29–20; L > 20 (Table 1.9)
4.5 H 80%–100%; M 50 – 79%; L < 50% (Table 1.9)
Index 4: H 13 and more; M = 9–12 ; L <9

5.1 H high income penalty for necessary for work interruptions across the life course; M medium income penalty for necessary work interruptions, L low income penalty for necessary work interruptions in the public pension system
5.2 H More than 150 hours; M = 90 and 150 hours; L < 90 hours
5.3 H inactivity rate > 45%; M = 30%-45%; L < 30%
5.4 H 20% and more; M = 11%-20%; L < 11 %
Index 5: H 10 and more; M = 7–9; L up to 6

Overall index: Active > 12; Supportive 9–12; Limited 7–8; Passive <7