

The Welfare State and Life Transitions

A European Perspective



Edited by
Dominique Anxo
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This book is based on the results of a research project entitled 'Dynamics of national models of employment' (Dynamo) which was conducted over the period 2004–07. The project was set up to investigate the external and internal pressures for change on national employment models in Europe and to consider the implications for the future of national models of this process of change and restructuring. A particular question was whether we would find a tendency for EU member states to develop new specific solutions or a process of convergence towards a European Social or a European Market Model. The project as a whole involved ten national teams and three interrelated themes and methodologies. The first theme covered the whole field of production and welfare systems and gave rise to the publication of a book *European Employment Models in Flux* (Palgrave) edited by Gerhard Bosch, Steffen Lehndorff and Jill Rubery. More detailed work on changes in production systems was undertaken as a second stage through studies of sector-specific changes, taking the examples of IT services, construction, elderly care, hotels and the motor industry. The results of this production are to be published in 2010 in a special issue of the journal *Work Organisation, Labour and Globalisation*, Vol. 3, No. 1 (www.analyticapublications.co.uk). The third theme, which is the topic of this book, takes a new look at changes and developments in social welfare systems, broadly defined, to consider how social welfare systems are providing support for the key life stage transitions that have defining impacts on European citizens' future life course prospects.

The editors would like to express their thanks to all the 45 researchers who contributed to the success of the project including the Irish team who unfortunately, due to illness, could not contribute to the present book. We have enjoyed the collective work process in the course of the project and the inspiring discussions at project meetings. We experienced a wonderfully supportive attitude from all co-authors during the production process of the present volume and we would like to thank all contributors for their efforts and patience. Above all we would like to thank Steffen Lehndorff who took overall responsibility for coordinating the project and without whose patience, good humour and commitment to the project and its objectives, the project would not have been brought to a successful conclusion.

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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, 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 extent to which current reforms are strategic or ad hoc 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 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 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 greatly 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 increase in consensual unions and rates of divorce, 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 childraising 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.¹ 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