



**EMPLOYMENT REGIMES AND AGE ARRANGEMENTS:  
A COMPARATIVE SKETCH**

Michel Lallement\*, Gilbert Lefevre\*\*, Léa Lima\*

**Thematic report**

**Draft paper – Do not cite without permission**

Contribution to the second Workshop Dynamo, Budapest, March, 4th-5th 2005.



---

\* Cnam (Paris) & Lise-CNRS

\*\* Université de Paris 1 & Matisse-CNRS

## 1. Introduction

### 1.1. Objectives and hypothesis

The European Council held in Lisbon in March 2000 was a turning point of the evolution of European employment policies. The 'Open Method of Coordination' (OMC) comes into force within the framework of the European Strategy for employment. This method will justify the choice and the implementation of various instruments aimed at measuring the convergence towards many ambitious objectives and aims: develop information technologies, impulse innovation, remove breaks to the growth of service sector, liberalise transports and energy markets... The objectives of labor and employment are now well established: set up activation policies, reform the systems of social protection so as to handle the aging population, fight social exclusion. The first comments on the ambitious program of Lisbon underlined the ambiguous, and often contradictory positions, aimed both at the growth of a competitive economy and social cohesion. The ambition of the OMC is to help member states to define together their short, medium and long term objectives, to establish quantitative and qualitative indicators with evaluation criteria in reference to the best world achievements (benchmarking), to encite states to set-up policy lines at national and regional level and to put evaluation policies in action with follow ups (using the evaluation procedure by peers).

The originality of OMC lies with its encouraging, decentralized and procedural approach. It establishes common aims with a flexible adaptation to each nation so as to take into consideration national characteristics concerning industrial relations and social protection. The objectives are then discussed by various participants (EC, States members, regional and local representatives, social partners, civil society) so as to break off with previous top-down procedures. The OMC wants to be a procedural method considering it favors a collective training with the help of crossed evaluations of performances: this automatic research of comparison and knowledge is the most original element of the strategy of Lisbon. Except in crisis, it is rare to see government structures, often stuck in their traditions and past, trying to gain from the experience of others" (Dehousse, 2004, p. 333).

Change is not as decisive as it seems. The strategy of Lisbon is still lying in the tradition creating new steps in the recent history of the EC (in relation with the Luxembourg process started in 1977). This paper does not plan on making a list of the various modes of European coordination regarding employment, nor get into the details of the procedures adopted in Lisbon. But we cannot ignore the questions raised with the techniques of *benchmarking* which are nowadays a major instrument of governance. *Benchmarking* is a tool used in corporate management. Its objective is to compare the achievements of various companies and to invite those with bad results to imitate successful ones. Therefore it would be appropriate to spot best practices so as to transfer them- in the best suitable manner- to the least performing organisations. Recently, R. Salais put forward the hypothesis that there is "in practice and politically enough obstacles to an effective and efficient use of the method within the European Strategy for Employement so that the ambition of standardization be reduced to a simple score method" (Salais, 2004, p. 288).

The aim of our report is on one hand to ponder on production of linear classifications along sets of indicators and, one the other hand, to give a comparative study on employment regimes using a reading grid, beyond the *benchmarking* logic, putting a strong emphasis on various ages of life. The hypothesis, probably tested in an imperfect and unfinished way, is that there exist 'age accommodations' more or less explicit which characterize national areas where their « logic » interfering with the dominant employment regimes. This leads to further explanations.

Three-sub hypothesis are offered. First, ‘age accommodations’ are not clearly defined and are not clearly limited. Accommodations rely on the basic principle of natural rights in political philosophy (Dearth, 1979) and moreover coming straight from the paradigm of ‘convention’ as defined in the French contemporary social economy, in other words, as a regularity having its source in social interactions seen by actors as an external dimension and giving out their performance through various mediations (management tools, cognitive methods, referential)... (*Revue économique*, 1989). Our second sub-hypothesis is that, in spite the intrinsic heterogeneity of nations or the growing strength of the European Employment Strategy, these conventions allow us to figure out national configurations which remain diversified. Following E. Verdier (2000) we will use the term ‘societal convention’ to designate different age arrangements varying with time and space. The public action active or reactive intergenerational societal convention producing public reference marks, which can be used in individual decision making and collective investments. Our third sub-hypothesis encourages us to make the bet that public actions devices will structure and, at the same time, will reveal age arrangements within a society. In this way, it can’t be postulated that there can be a complete crosscheck between countries or societal conventions. Public action taken at a given moment as a certain configuration of actors comes to often make compromises between societal conventions, bringing various conceptions for what is right to do according to intergeneration repartition of employment. In the same way, public action can also evolve from one convention to another if the intergeneration contract is redefined.

### *1.2. Difficulty in methods and process used*

Before entering straight into the topic, it is important to point out a real difficulty in methodology considering we privilege reasoning on age: three primary effects weights heavily on the dynamic of the population: age effect (linked to ageing), generation effect (linked to the date of birth of a given group) and period effect (linked to the circumstances). Concerning employment regimes, it is obvious that these effects play an important role. Ageing representations, for instance can vary from one society to another, whether we consider aged salaried as a part of the useless working force or as a part, until a certain old age, of a reserved workable manpower. This tension is high, considering that for common demographic reasons, European societies are all faced today with difficulties in financing their retirement systems. As we will see later, it is this type of effect we need to take into consideration, in section 3, in order to distinguish between types of age arrangements. The generation effect is as decisive as the preceding one. The impact was put forward by L. Chauvel (1988). In France, benefits of people born during the forties were double from a scholar resource point of view : academic explosion and non downgraded diplomas, which opened them a royal road on the labor market, which even easier since the period (ten last years of the thirty ‘glorious’) was favorable to recruiting.

The next coming years consequently led to an important growth of the average and superior wage-earning class. The turnaround of the overall economic situation jammed the system. The coming generation, with the same diplomas, was unable to get an equivalent position than their elders, considering the slowdown in hiring managers during this unpredictable and depressed period. Elders already held managing positions needed by companies. “To the younger was suggested another strategy: patience, a need to wait for 2005, when everything will get better considering the mechanical effect of baby boomers retiring ‘ (Chauvel, 1998 p. 141). We can see the importance for our demonstration to keep in mind the two main variables which roughly identify the generation effect: the weight of groups in the labor force at a given time on one hand, conventions in favor or not of substituting an age group by an other on the labor market on the other hand. The period effect is more than obvious when dealing with employment. To neutralize it, we will deal

Country	Germany	UK	Sweden	Ireland	France	Spain	Italy	Greece	Austria	Hungary
ER	44	55,5	41,2	48	29,9	33,4	25,2	25,5	51	26,8
AR	49,1	63,3	47,4	52,8	37,4	43,2	34,6	34,5	55,5	31
$R^2 = 0,96$										

**Table 3 - Employment rate and activity rate (55-64 years) in 2004**

Country	Germany	UK	Sweden	Ireland	France	Spain	Italy	Greece	Austria	Hungary
ER	39,3	55,5	68,6	49	36,8	40,8	30,3	42,3	30,4	28,9
AR	44,3	57,3	71,9	50,3	38,8	43,8	31,5	43,6	32,2	29,8

$R^2 = 0,99$

Correlation between employment rate and activity rate is obviously high but they it not so evident between employment rate and unemployment rate as shown by the table 4.

**Table 4 - Correlation between employment rate and unemployment rate for the ten dynamo's countries (1993-2003)**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
$R^2$	0,46	0,53	0,6	0,51	0,47	0,584	0,582	0,576	0,516	0,43	0,33

Not included: Austria and Hungary for 1993, Hungary for 1994 and 1995

Table 4 confirms what we already knew, that a growth in employment does not automatically lead to a decrease in unemployment. Beside demographic causes (arrival on the market of new applicants does not necessarily bring an equivalent amount of new jobs.) We must add the classical "effect of flexion" (the creation of jobs as an incitation to unemployed to become job seekers). We should add the effects linked to short-term employment that we could consider as partially hidden unemployment forms, particularly in countries where employment rate remains low (Italy and Hungary in our sample). Therefore a high employment rate does not guarantee a decrease in unemployment rate.

If we look closer, it seems that the political economy, which is the core of the European Union, deliberately sets unemployment at a second place, more exactly at the rank of structural policies and not at the macro-economic intervention level. The rupture with the keynesian paradigm was confirmed with the Maastricht Treaty, the definition of the European Central Bank status and the implementation of the stability pact within the Amsterdam bargaining in 1999. Article 4 of the Amsterdam Treaty explicitly indicates that the main objective of monetary and change policies is to maintain the stability of prices, which implies stable prices, healthy public finance and monetary conditions as well as a stable balance of payment. At the opposite of the Federal Bank of America, the ECB has not employment<sup>1</sup> in its statutory objectives. What lies behind this reasoning allows us to link money and employment as a monetarist connotation. In other words, the objective is to limit the gap between potential growth and effective growth therefore to maximize employment rate with the constraint of price stability. In order to bring together the effective unemployment rate of NAIRU<sup>2</sup>, Europe will need a flexible labor market, which can gain in employment growth so that employment and unemployment could quickly adjust to the overall economic situation.

Not surprising considering Article 125 of the Amsterdam Treaty invites Community Member States "to promote a skilled and trained labour force with a high capacity to adapt, with labour markets suited to quickly react to the evolution of the economy". The aim is to make people employable and to relocate them easily on the labor market, moving easily from a job to a new

<sup>1</sup> The 1978 Federal Reserve Act determines three objectives for the FED : price stability, interest rate moderation and full employment.

<sup>2</sup> Non Accelerating Inflation Rate of Unemployment : Unemployment rate that, for all periods, do not bring inflation.

employment status. The passive compensation for unemployment is meaningless considering that the purpose is to make people responsible for their job search. Consequently, “unemployment becomes a fact with a given economic function for the benefit of growth (price and wage stability) to be taken upon by each member state. Far from wishing its disappearance, public action should concentrate on optimising this information “ (Salais, 2004, p. 305). In this context the status of the category of “unemployment” radically changes in relation with what its connotation was in various national spheres. We better understand now the apparently insignificant consequences but in fact truly political, which leads to the fact that activity rate, had been replaced by the rate of employment.

## 2.2. Comparing indicators.

In spite of the limits and of the presuppositions we pointed out, what do we see, based on the methodology used by G. Ghai (2000) about Decent work, we classify countries according to their comparative performances, combining the ranks of each country in order to obtain synthetic performance indicators? Our data are based on Eurostat.

**Tableau 5 - Benchmarking in 2003**  
**Activity rate/Employment rate/FTE employment rate**  
**/Unemployment rate (15-64 years)**

Country	AR	Rank R <sub>1</sub>	ER	Rank R <sub>2</sub>	ER in full time equivalent	Rank R <sub>3</sub>	UR	Rank R <sub>4</sub>	? R <sub>i</sub>	Final rank
Austria	72,7	3	69,2	3	60,7	4	4,4	1	11	<b>3</b>
France	69	5	62,8	6	58,5	5	9,4	8	24	<b>5</b>
Germany	71,5	4	64,8	5	57,5	6	9,6	9	24	<b>5</b>
Greece	63,9	8	57,9	8	57,4	7	9,3	7	30	<b>7</b>
Hungary	60,6	10	57	9	56,9	9	5,8	4	32	<b>8</b>
Ireland	68,8	6	65,4	4	63,1	2	4,6	2	14	<b>4</b>
Italy	61,5	9	56,1	10	54,3	10	8,6	6	35	<b>10</b>
Spain	67,3	7	59,7	7	57,2	8	11,3	10	32	<b>8</b>
Sweden	77,3	1	72,9	1	67,6	1	6,9	5	8	<b>1</b>
UK	75,6	2	71,8	2	62	3	5	3	10	<b>2</b>
EU 15	69,3		62,9		58					

**Tableau 6 - Benchmarking in 2003**  
**Activity rate/Employment rate/Unemployment rate**  
**/Young unemployment ratio (15-24 years)**

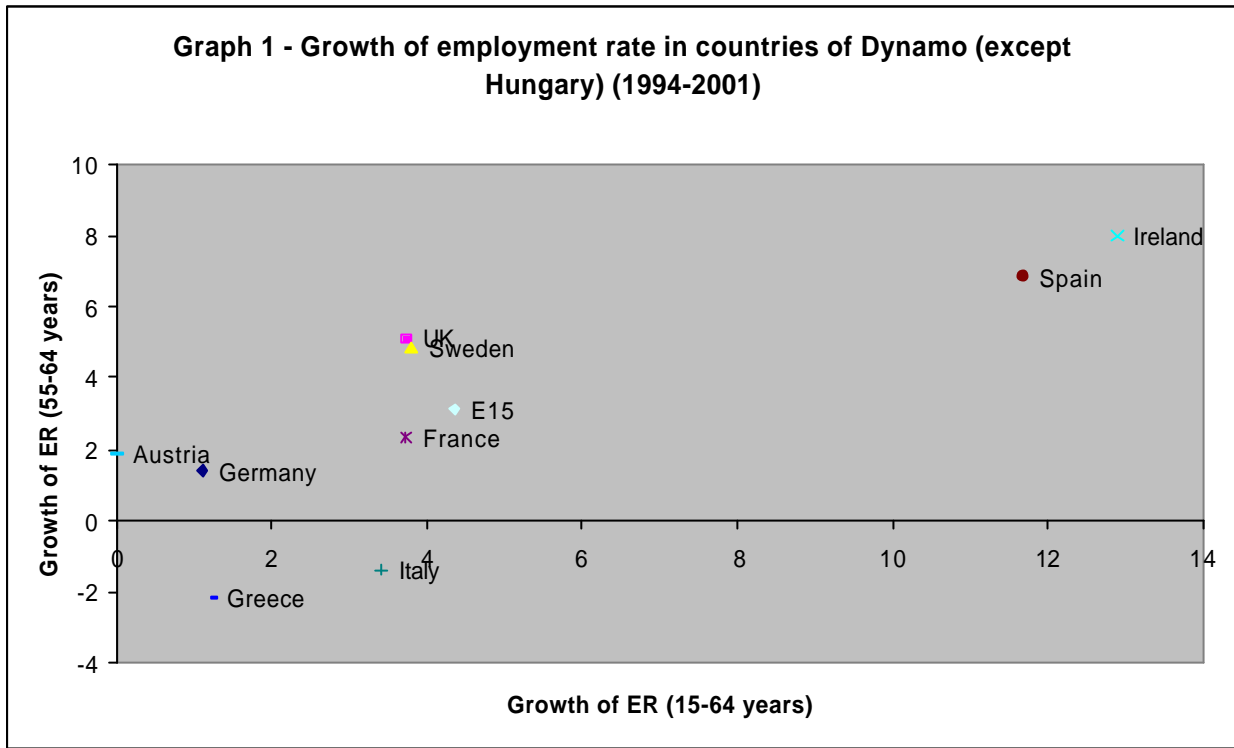
Country	AR	Rank R <sub>1</sub>	ER	Rank R <sub>2</sub>	UR	Rank R <sub>3</sub>	YER	Rank R <sub>4</sub>	? R <sub>i</sub>	Final rank
Austria	55,5	2	51	2	7,2	1	4	1	6	<b>1</b>
France	37,4	7	29,9	7	20,2	7	7,2	6	27	<b>7</b>
Germany	49,1	4	44	4	11,1	3	5	4	15	<b>4</b>
Greece	34,5	9	25,5	9	26,3	9	9,1	8	35	<b>9</b>
Hungary	31	10	26,8	8	13,1	5	4,1	2	25	<b>6</b>
Ireland	52,8	3	48	3	8,3	2	4,1	2	10	<b>2</b>
Italy	34,6	8	25,2	10	27	10	9,3	9	37	<b>10</b>
Spain	43,2	6	33,4	6	22,7	8	9,8	10	30	<b>8</b>
Sweden	47,4	5	41,2	5	13,4	6	6,9	5	21	<b>5</b>
UK	63,3	1	55,5	1	12,3	4	7,8	7	13	<b>3</b>
EU 15	45		36,7		18,3		8,1			

**Tableau 7 - Benchmarking in 2003**  
**Activity rate/Employment rate (15-64 years)**

Country	AR	Rank R <sub>1</sub>	ER	Rank R <sub>2</sub>	? R <sub>i</sub>	Final rank
Austria	32,2	8	30,4	8	16	<b>8</b>
France	38,8	7	36,8	7	14	<b>7</b>
Germany	44,3	4	39,3	6	10	<b>4</b>
Greece	43,6	6	42,3	4	10	<b>4</b>
Hungary	29,8	10	28,9	10	20	<b>10</b>
Ireland	50,3	3	49	3	6	<b>3</b>
Italy	31,5	9	30,3	9	18	<b>9</b>
Spain	43,8	5	40,8	5	10	<b>4</b>
Sweden	71,9	1	68,6	1	2	<b>1</b>
UK	57,3	2	55,5	2	4	<b>2</b>
EU 15	43,1		40,2			

From a global view point (all age categories included), this classification is not totally surprising, considering we find countries leading for very different reasons (Sweden, Austria, United Kingdom, Ireland), in the middle there are continental countries (France, Germany) at the bottom line (Spain, Italy) as well as Hungary. Even though the sample of countries was larger, the classification ends up being similar with D. Ghai when he evaluates decent work using this ranking method. Results are even more interesting when we break up ages. It then appears that for the young population, the most performing countries are those closest to the liberal system (UK), those which have preserved young employment due to the reinforcement of professional labour markets at the core of companies (Austria, Germany) or those which combine both (Ireland). On the senior side, we find another kind of classification: the leading countries are not surprisingly - and here again for different reasons- three countries with contrasted employment regimes (Sweden, United

Kingdom, Ireland) followed by Germany, Greece and Spain. We can make this table more complex in observing the relation between the evolution of the employment rate for all ages and the evolution of the employment rate for the eldest (graph 1). With this proceeding, the classification is somehow disrupted. Spain and Ireland are the main winners.



$$ER_{55-64} = 0,59 ER_{15-64} + 0,2856$$

$$R^2 = 0,6$$

Datas source : Eurostat

Even though it reveals the existence of very different employment regimes and invites to integrate the effects of age, this type of exercise is limited from an analytical point of view. Labor quality indicators are notably missing. Recently, L. Davoine (2004) integrated such indicators of jobs quality which are also (not for all and not all the time) provided by European statistics. The interest is to take account of determining variables such as job satisfaction, training, gender equality, health and safety at work, voluntary part time or not, discrimination at work, existence or not of a social dialogue etc. This way of proceeding can bring out correlations, such as the link between low employment rate of seniors with bad working conditions, reduction in working hours to maintain aged workers at work, lack of social services and disengagement of seniors on the labor market<sup>3</sup>... If we add up we can see that a high employment rate of seniors is linked with incentives to work longer, a strong participation of this population in training and education, with a high rate of women participation, few labor injuries, with a possibility of working hours accommodation and finally an access to social services..

Using job quality indicators, Davoine obtains an interesting typology. A first group of countries brings together Sweden, Finland, Denmark and the United Kingdom. Within this group, the rate of participation in education and training is high, few industrial injuries, the employment rate of men and women is quite similar, the total rate of employment is high, the poverty risk at work is little,

<sup>3</sup> The author indicate that a British survey published in 1997 has shown that 7% of the retired British salaries leaved active life because of the death of one of their family members.



and employment rate of seniors is high. In fact there is a correlation between high employment rate and good quality of employment. Continental countries (Germany, France, Belgium) make the second group in intermediary situation from this double viewpoint (employment rate and jobs quality). Southern countries (Greece, Italy, Spain, Portugal) reached the limits of quality of employment. As we can perceive, even if few differences need to be pointed out (classification is not always similar and depends on the indicators used) we find more or less the preceding classification obtained only with quantitative indicators.

This comparative rough sketch is attractive, but we quickly find major limits to the use of the method, even when we insert variables about quality of employment. The first limit to be pointed out is the difference between national regulations on work contracts strongly differing and distorting data comparison on employment. In other words, instead of favoring concerned wage earners, the advantage goes to “minimalist” (some of them having no regulation of work contract) countries about the scores in the employment rates. The second limit is constituted by the existence of inequalities in development of schooling in general and vocational schooling in particular with its various ways of being applied (whether training is performed in or outside the company). It puts to question categories “young 15 to 24 years old” and, beyond, “from 15 to 64 years”. The employment rate of the “young from 15 to 24” is statistically low for countries which have invested in long-term training of their labor force (access to work is delayed). In order to comply with the commitments of the SEE, – bearing in mind aim number one of Lisbon strategy is for the European economy to become an economy of knowledge- will these countries have to decrease their investment in education?” (Salais, 2004, p. 291).

Coming after R. Salais, let us point out that there is no clear and common definition at the European level about what is an unemployed or a job. It is obviously difficult therefore to make comparative studies or *benchmarking*. In France, the so called DEFM 1 category used by the National Employment Service is the reference indicator in use and widely utilized by the medias. It includes employment seekers who would have worked less than 78 hours in the month, making it difficult to differentiate between employment and unemployment, this convention leads to unemployment figures widely differing from the restrictive criteria of the ILO type that are in use (including France) for the European data. The reasoning is similar when dealing with employment. As soon as we include quality employment, as Lisbon also requested it, ranking is different. For example, if we do not consider part time work, in 2001, the employment rate of British women reaches 65.1% and French women 56.1%. Britain comes first. When we correct these figures integrating part time work, France goes up and the scores of these two countries become 50.2% et 50%( table 5).<sup>4</sup> We could find more of these examples. They would all lead to the conclusion reached by R. Salais: ‘there exist between countries differences which are not only accountable but also institutional about what is commonly called a job.’ (*ibid.*, p. 295).

### **3. Marking down national configurations of employment regime and age/ what do we learn from existing studies?**

The weak heuristic reach of the previous results and the critical remarks that we just discussed, invite us to adopt a new way to compare employment performances. We propose to do it as we mentioned it in the introduction, in placing our footstep in the institutionalist tradition. It has already given us numerous interesting results that mainly dealt with comparison of employment regimes for young people on one hand and for old wage earners on the other hand. Without

---

<sup>4</sup> A full time equivalent employment rate is published in European Statistic, but it not considered as the major indicator.

expecting to be exhaustive, it would be interesting to have a look at some results coming from this type of studies.

### *3.1. Politics of young people insertion: some lessons from a comparative analysis*

Writings and typologies on international comparison of the vocational insertion system of young people reached a general consensus in the scientist community, articulated with the works of P/ Ryan and P. Garonna the pioneers on international comparison of modes of insertion (Garonna Ryan 1989). International comparisons of public integration schemes are registered in the typological analysis of manpower management methods and of the place of young people inside employment systems. Works related to P. Garonna and P. Ryan take as an analytical framework the theory of labour market segmentation symbolised by the trilogy: internal labour market, professional labour market and external labour market. According to this framework, three ideal-typical systems of regulation for the young entering into active life can be distinguished: regulated insertion, selective exclusion and competitive regulation. These three models are registered in three types of specific markets. They give particular roles to social partners and favour different status during the young people transitional phase, sending back to different ways of building up skills.

**Table 8 – Insertion system of young people inside the labour market**

	Regulated integration	Selective exclusion	Competitive regulation
Types of LM	Professional labour market	Internal Labour market	External or not organised LM
Workers organisations	Professional level	Company and branch	None
Skill acquisition	Apprenticeship	Experience within the company	No recognition
Mobility system	From company to others	Inside the company	From company to others
Skilling recognition	Professional level	Company level	Competitive regulation
Country types	Germany	France	UK

Source: d'après Lefresne (2003), Eyraud, Marsden, Silvestre (1990).

Professional markets offer to young people a regulated integration through training, implying high investments and supervision by social partners. Internal labour markets impose on young people coming massively out from secondary schools, to acquire professional experience on the secondary labour market before they get an access to the internal market of the company. On the external market, the labor market of the young and old can be substituted: young with diplomas are in competition with more experimented but less skilled workers. Recent analysis (Couppié, Mansuy, 2001) comes out with 4 groups of countries, which made a compromise between the three systems of professional insertion of young people: Germany, Denmark, the Netherlands and Austria that we find in the regulated integration system. Spain is between selective exclusion and competitive regulation where we can find Italy and a heterogenous group including Belgium, Ireland, France, Finland, Luxemburg, Portugal, Sweden and the UK.

Other studies on public schemes aiming at facilitating young people access to companies have produced typologies linked to insertion systems. It is as if insertion policies referentials were ingraining an implicit functioning of the labour market. Countries with a regulated insertion have a tradition of young people insertion through apprenticeship (training within the company) that constitute the main way for access to skilled blue collars or employees. Germany, Austria are in this case. Alternance is at the core of the training process which is nationally recognized at the branch and occupational level. In the selective exclusion model, the school system and its generalisation represent the dominant access modality to the labour market. It is in charge of training and especially of vocational training of young people ; the diploma from the Department of Education is the passport for a job. France as well as Sweden are founded in this configuration. Insertion policies in reference to the competitive market favours instruments to decrease employer contributions when competition between young and adults is mainly based on the cost of labour.

Research on professional societal insertion system in the 90's aimed at testing these typologies. Paying a close attention to the trajectory of insertion modes, we can show like Florence Lefresne that countries can find some important fractures in the insertion method of young people in connection with political cycles. The case of the United Kingdom is a typical phenomenon of redefining institutional arrangements. It seems that in Great Britain the change in majority (in 1979) corresponds to an historical fracture in relation to the integrated transitional model. The State decided to intervene radically and install a mass vocational insertion program for the young as opposed to the apprenticeship system that traditionally was at the core of the training system (Lefresne 2003).

F. Lefresne (2003) distinguishes between two models of insertion programs: the one which is inscribed in and reinforcing the original insertion system and the other which brings about structural reforms modifying the norms of the labor market. In the first model we find Germany and Sweden. Sweden only used young people insertion program as a counter-cycle tool, the problems of young people on the labor market was analyzed in relation with the current economic climate. The responsibility of the educational system in the vocational training of the young was confirmed and widened. In Germany, the absorption of unemployment of young people was developed within the existing system by installing special devices to integrate disadvantaged youngs in the dual system. On the other hand, in France, United Kingdom and Spain, the insertion devices disrupted the existing system. The United Kingdom is coherent in the long term insertion devices basing its view on the decrease of wage cost, France on the other hand seems to hesitate between the German position of reinforcing vocational training, the Japanese approach of elevating the level of general knowledge, and the British system revealing the lack of a stable compromise between institutional actors (Verdier 1995).

We noticed these studies do not include in their analysis the place of young people in a social protection system considering writers are conditionned by the educational approach. The field of young people insertion widened within the labor and educational economist community when scientists working on social protection have not really thought of the specific relationship of their social States with their young. At the opposite, this dimension is crucial when it comes to aged workers.

### *3.2. Aged employees and police of ages: typology of A.M. Guillemand*

Studies on the management of workers reaching the end of their career allows marking down national configurations of social protection and employment policies. Among the typologies we have available on the topic, A.M. Guillemand (2003) deserves a special attention considering it is

founded on hypothesis fitting well with the Dynamo problematic. At first we need to pay attention to the societal processus of codification of the ‘aging wage earners’ category with an emphasis on public action and on the social protection systems. We then need to grasp normative and cognitive effects of public policies or, to use the terms of A.M. Guillemand, of “police of age”<sup>5</sup> (as a mode of public government of populations under the ‘age criterium’) The author sets two structuring axes allowing to locate these national “polices of age” in relation with one another. Axe one concentrates on employment integration policies, the second deals with risk coverage with the social protection system in case of no work at the end of one’s career (level and length of compensation, various early labor market exits) We get the following table (table 9) which must be read, bearing in mind a double methodology :

- We are here concerned with models, ideal types, implying that countries inserted on this board never reflect the perfect representation of logic at stakes, but rather empirical and approximate illustrations.
- Each national case must not be analysed as a monolithic bloc but rather as a configuration in which actors intervene in negotiating and conflictual situations, where a desire to reform could become permanent.

**Table 9 - Trajectory types on the labour market at the end of career, depending on social protection and employment policies**

Employment integration policies	Covering level by the social protection system for the risk of non-working at the end of career	
Few integration devices on the labour market: -	Dismissal/Maintained depending on the labour market  US/UK	Marginalisation/relegation  Germany, Netherlands, France
Numerous integration or re-integration devices	Maintained on the labour market  Japan	Integration/re-integration Social protection depending on efforts to get back into employment  Sweden, Denmark

Source : Guillemand, 2003, p.75

Without getting into the exact details of each configuration, let us underline some major points. In the first case (North West box) the greatest part of the regulation of aging wage earners population is given to the market. Here the dynamic of the aging population labor market works like the industrial army of reserve of K. Marx. The welfare State, which fits best with this case, is the one of G. Esping Andersen named Liberal welfare State. In spite of differences between United States and Great Britain (Rubery 2004) there is a major common point to these two countries: to lean back on a low developed social protection, to be ill equipped in employment policies concerning ageing population management and to lean towards “welfare work”. In the second lay out (north east box) ageing wage earners are widely covered with the social protection system and benefit from opportunities so as to leave the job market earlier. On the other hand, integration tools on the

<sup>5</sup> In french: « police des âges »

labor market are almost non-existing, which puts aging wage earners aside from the labour market. When we observe the dynamics effects of this double option, we notice its “marginalisation effect”: as wage earners get older ‘relegation’ increases.

In the third lay out (box south west) the labour market has the necessary tools to handle aging labor force and favor their (re) integration. But ageing workers do not benefit from compensation in case they leave the labor market. The consequence, as we typically find in Japan, is that the active population stays late in the labour force, considering they have no social cover at the end of their lives. The last lay out (box south east) is the most optimal considering the ageing labor force has a good social protection if they run out of work and that an active employment policy allows back and forth (short term included) on the labour market. “ The exits will be as short as compensations offered by the social protection system will be linked to the efforts of reintegration in employment”. This possibility recalls the social democratic model of activation’Guillemard (2003 p75) It is not surprising that Sweden and Denmark are a good reflection of this figure.

If we can ponder on the criteria of this typology or on national cases which can be associated to either of these cases, we still have a strong intuition that there exist “cultures of ages” and consequently “age policies” varying from one society to another. What this allows us to bring up is the existence of diversified reference systems: when in Scandinavian countries, aged wage earners are considered as more vulnerable but still insertable, it is kind of the reverse in Continental Europe where aged salaried are supposed to be non employable. Whether young or old, age entry confirms its relevance in examining the studies we have already looked at. Far from freezing these approaches, typologies can help us understand the institutional logic which structures trajectories in employment with, in the background, a need to better grasp the mobility effects of policies aiming at destabilising the internal labour markets.

#### **4. Age arrangements, social conventions and employment regimes**

In the following text, we are first going to present an inductive typology founded on age arrangements, then discuss in the light of four societal conventions which will be erected, the situation of countries in the Dynamo network

##### *4.1. Typologies suggestion*

Before setting up employment regimes to ages, we suggest a reasoning based on two types of criteria. The first one, taken from the conceptual typology of A.M. Guillemard, concerns employment and training policies. This invites us to take into account the role of the State, of main actors of industrial relations in the construction of age categories, and the importance of public intervention to regulate employment policies... We did not think we needed to insist on the differentiation between passive and active policies, so important to the Lisbon strategy, considering we are all aware that active employment policies are the most developed where passive policies are also largely introduced. A second criterion involves arrangement among ages. In a very classical economic manner, when we handle production factors relationship, but also using the P. Hall and D. Soskice way (2001, p 17) suggesting a reasoning from an institutional point of view, we would like to think of age arrangements in terms of substitution/ complementarities. What we want to know is if the referential which underlies the dominant convention in a national space considers the labor force of all age as an homogeneous block with a possible full substitution between ages (a young worker = an adult= an aged worker) or if, at the opposite, age is perceived as a decisive segmentation factor.

Several indicators invite us to empirically study this question. Among them, two seem particularly significant. The first one is whether or not there is a targeted age policy; easily spotted because of the existence of public action devices. The second indicator – here we have direct institutional approaches of young people insertion mentioned earlier- involves the various dominant types of the labor market. We need to expand on this last point.

Let us assume that we are all aware of the classic distinction between external, internal and professional labour markets. (Doeringer, Piore 1971; Marsden, 1989). Numerous actors largely tested the thesis that each type of market fits with a more or less implicit arrangement between different ages. External labour markets, the first one, corresponds more or less to a logic of optimal adjustment to the costs. From this point of view, and according to the standard economic theory, with a given qualification, a worker is equivalent to an other whatever his age is. The substitution principle is here largely dominant.

In the case of professional labour markets, the second case, the German situation is paradigmatic. These markets function according to a vocational system based on an implicit contract between the low pay of the young workers and the acquisition of a qualification which will give to the beneficiaries an easy transfer of their skills. As D. Marsden proved, this system requires a powerful institutional base (cooperation of trade unions and employers at a higher level than the firm level) and it works on the base of a referential whose major principle is to avoid that a young worker (with a lower income) be substituted to an older one considering that at the end of the vocational training period the diploma obtained, proves that technical skills are fully acquired. To be even more precise, according to the analysis of J. Gautié “considering the precise and formal definition of jobs, substitutions between categories of labour force with different qualifications, but also between skilled labour force and capital, seem to be more difficult on the professional labour market. On the other hand, considering the transferable qualification acquired during training, young and older workers are more easily substitutable on a professional labour market than on an internal labour market, where on-the-job training, therefore seniority, plays an important role.” (Gautié, 2002 p13). To sum up, in the case of professional labour markets, it is a double principle which structures the employment regime: principle of complementarity between the non qualified young generation and the adult world, principle of substitutability between adults and ageing population in all age categories having the same qualifications.

Concerning now internal labour markets, rigidity appears to be stronger than in the preceding configuration. In the internal markets, diplomas are less perceived as the acquisition of technical skills than the potential of the worker. Within this concept, and with the logic justifying the setting up of this type of markets, on-the-job training takes place in the company and seniority appears to be in fact ‘the’ determining factor of professional mobility. Consequently, the oldest wage earners are less mobile than in professional labour markets therefore less replaceable by young wage earners.

Still according to J Gautié, we can extend the reasoning, starting with the hypothesis that an internal labour market is the place where an implicit subsidy is allocated to the youngest and the oldest population. The reasoning is as follows: On an internal market, we consider that young people as well as old salaries have a productivity inferior to their earnings (either because some are in training and others have lower work performances) but on the opposite, adults get a lower earning compared to their productivity. According to labour economists, because it is their interest to earn the loyalty of their labour force, companies compensate the loss of earnings on one hand (young and aged) with the surplus it gets in ‘under paying’ intermediary aged earners. In some

ways adults subsidise the other generations. Consequently, on an internal market, a principle of complementarities structures the relationship between the population at its extreme ages on one hand and adults on the other hand. To a lesser extent, and considering the lesser productivity, which is common to them, a principle of substitution builds the relation between young and the old workers. But this substitution is not automatic because the interest that the company finds in hiring a young (future investment) is not strictly equivalent to the one found in maintaining the job of the oldest. (which is the result of an implicit contract)

The articulation between principle of substitution/complementary according to age and structures of the labor market could be summed up with the following table.

**Table 10 – Age arrangements and labour market structures**

	External labour market	Internal labour market	Professional labour market
Substitution	youngs/adults/seniors	-	Adults/seniors
Complémentarity	-	Youngs , seniors/adults	youngs/adultes

Reading : youngs/adults/seniors means that the dominant referential is the one of a possible substitution between the three age categories

On the base of the preceding concepts, we can establish a second table which double crosses our two basic criteria without each convention – we will see it later- be the exact copy of the different structures of the labor market that we have just laid out. (Table 8) The consequence is that conventions are nothing else than pure ideal-types, which never fit with any existing situation. It tends to be trains of thoughts, which will help us point out the major characteristics and the recent tendencies of the national employment regimes.

To express it differently, these trains of thoughts are simplified expressions of referential structuring employment policies and age arrangements. Even if a referential can dominate a national space, a sector of activity or a managing mode of a company... they are necessarily numerous and competing with each other. Within the framework of public action, they have grown and evolved in what politics call “forums” i.e. places occupied by some professionals, public agents, scientific experts where actors work on the interpretation of public policies: building up a common understanding ‘a language’ defining social realities, reinterpreting norms.... these forums are getting more and more hybrid because other actors (consumers, citizens, groups with multiple interests...) come and express themselves. (Callon,Lascoumes,Barthes, 2001) The field of employment is not an exception. (Lallement, 1999)

**Table 11 - Four convention of age arrangement.**

<i>Collective regulation for training and employment Age arrangement</i>	<div>Weak</div> <div>High</div>	
<b>Substitution</b>	Liberal convention	Professionnal convention
	1	2
<b>Complémentarity</b>	3	4
	Company convention	Convention of differentiation

The first kind of convention that we call ‘liberal’ is based on optimal functioning of the labor market based exclusively on market adjustments. This leads to major consequences: The first one is a low State implication in employment policies. It has a possibility to intervene to impose optimal competition. This is the case with anti-discriminatory information policies, aiming at favoring a large fluidity of the labour market. Second consequence: educational strategies are not very sensitive to long term investment principle (juvenile population is considered as a potential labour force easily mobilized but not as a potential to be valued in investing on the educational level) Third consequence: a conception of generations composing the active population which could be entirely substituted. External labour markets, from company management point of view, are the best adequate supports with this first convention.

The second convention that we call ‘professional convention’ involves a regulation where the State and numerous intermediaries institutions are implied (trade unions, employers, worker representatives) with a representation of a substituable labour force at all age levels. The bet is that labour market is not only a cost but also a resource in which the community can and must invest. To do that, a minimal control (certificate of qualification, closing of labour market...) must take place so as to favor skilled labour force and to warranty at the same time the transferability of qualifications from a company to the other. With these conditions, whatever their age, a worker is worth another one since the competence carries out a seal of approval with a title whose value is collective and certified. Considering they function in the interest of adult and senior populations, professional labour markets carry out this logic.

The third case “Company convention” or “firm convention” (the name of this convention can be discussed) associates optimal management of ages and decentralised regulation of the labour market. Regulation must be interpreted here as a co-production of the rules aimed at determining different levels of wages, of wage hierarchies and professional courses within the company. If it can be articulated with a system based on negotiable rules at a top level branch for example) this way of doing remains indebted to the fact that the company over-determines professional courses. This observation is relevant considering the articulation with the educational system does not favour the transfer of skills, whose values mainly come from training within the company. With this perspective in mind, from which internal markets make the best achieved fulfillment, a



principle of strong complementarities links young people and seniors to adults workers who, unlike the preceding population, get earnings lower than their productivity.

Under the “convention of differentiation” finally, an optimal employment regime is a regime where actors (State, intermediary bodies....) institutionalize a segmented representation of the society per ages or generation. Employment regulation with age lays on a complementarity principle which associates each step of active life to a type of labor force: young as a training period, adult age as an optimal implementation of acquired qualifications, seniors as a population which accumulated a collective memory and guaranties a technical and organisational know-how. With this in mind, -this argument often comes back when we criticise the policies of age substitution based on costs- to replace an old person by a younger can be a handicap for a company because it separates itself from a labour force whose know how and skill have improved over the years. Professional markets partly work, and only partly, on the basis of such an age representation. Not without strategy at stakes (avoid competition between ages) young people inherit of a status placing them in a singular position with their elderly (cf *supra*).

It is not the aim of our report to sketch an historical sociology of these referentials. Let us only say that a loaded history, medium term evolutions and today’s situation must be studied in parallel to satisfy pre-eminence at a given time of either referential. Concerning history on a long period, the research of R. Biernacki (1995) on Germany and the United Kingdom about the ‘construction of labour’ gives intelligent solutions to understand why in the first country professional convention took over liberal convention (at the difference of the UK case). Numerous works on the segmentation of labour markets, on comparative analysis of companies strategies and on public actions in the main developed countries make us ponder on the fact that they use a medium term reference. To illustrate this, the thesis developed by Piore (1982) about comparative strategies of French and American companies demonstrates that different conventions can structure employment regimes: Companies convention and convention of differentiation in the first country, company convention and liberal convention in the second. Considering the present time, some variables need to be considered. Two seem fundamental : The generation effects and (im) balance demography (linked for example to the exhaustion of the ‘baby boom’ wave) be the first to be included into the analysis. We would not otherwise understand the specificities of age arrangements that we see today. The new strategies of companies, under the influence of the European Strategy for Employment, the inflexion of public policies constitutes the second major parameter.

Without pretending exhausting these various analyses, the following lines aim at laying out a first chart articulating different employment regimes and convention of age arrangements, of their recent evolution within the Dynamo network.

#### *4.2. National employment regimes and convention arrangements of ages*

Let us start with our country. **France** is an aging society and 2006 will be an important demographic turning point considering the children of the baby boom will retire massively proportion. The training system in France remains, in spite of opening towards vocational schools, influenced by the impact of the “general educational system”, with a rapid growth untill recently of young people going until the “baccalaureat” (examination at the end of the secondary cycle, necessary to enter university). The tendency is at the same time to extent schooling and to acknowledge –through a validation of acquired experience-vocational knowledge acquired by wage earners all along their careers. From the standpoint of managing ages and associated employment regimes, we can say that France has more heavily felt -than other countries – ie.

Germany- the effect of the long lasting slowdown of growth. This was expressed with a destabilisation of its markets on one hand and by a growth in power of employment policy on the other hand. The destabilisation of internal labour markets is caused, because of economic difficulties; by the freezing of recruiting, jamming the mechanism of internal subsidies (productivity gain transfer between generation) and questioning the relevance of seniority on wage determination. Consequently “paying off can be shorter than the length of the career of the individual: aged wage earners are no longer a quasi permanent labour force in the company. We can well understand why this step back can bring a decline of the inter-companies mobility, adjustment being performed excluding young people and send back aged ones” (Gautié, 2002, p.17)

This is what we observed during these last years: a strong retraction in the employment of young people. The compensation was a rise in State intervention to control, with the help of multiple aimed devices, young people at ill with employment. This is the case of multiple devices starting with Collective Utility Works in 1984 till the recent Young –Employment Contracts created in 1997. On the senior side, the same effect took place. Until the retirement reform in 2003, France was set appart with its numerous -and efficient!- public schemes inciting aged people to retire from the labour market. The consequence was a tightening of the active population on intermediary ages. We should not exaggerate the impact of this disequilibrium, real but limited for at least three reasons: The individual wage earning policies –what we could interpret as means of adjusting any time wages to productivity –are still far from involving the whole mass of earners (managers are in fact more concerned) (Barrau, Brochard, 2003). We are aware that seniority in fixing wages remains a determining factor implying that aged are not as penalised as young people from the point of view of the impact of the destabilisation of internal labour markets on the unemployment conditions. In other words, the big losers would be young people, which only confirms the recent evolutions – a strong shyness of the French State to support the young people regarding insertion assistance and retirement reforms, which extends the presence of seniors on the labor market. Last element, finally: the effects of the activation of employment policies of seniors is still very limited. Anticipated retirement is a common practice. At the end of 2003, there were 120 000 pre-retired and 400 000 seniors exempted from seeking jobs. We notice an even more persisting consensus against hiring seniors ‘one employer out of two confirms that they refuse people older than 50 even if they have a recruitment problem. Even though employer say to appreciate seniors for their experience, their professional knowledge and their contribution to the working team. But the majority believes that the amount of seniors in the company would have negative effects on the individual efficiency and in particular on wage productivity”(Marioni, 2005, p. 4) From the side of wage earners, we notice that less qualified are willing to retire from the labour market, because of weariness and a lack of promotion.

To sum up, in spite of some inflexions in the advantage of the liberal type (ARPE device for example, aimed at easing the substitution of the aged by youngest) the convention of differentiation remains more than ever powerful regarding public policies and companies strategies. It is possible, even probable; that generation conflicts (Chauvel, 1998) could explain the case of French because of so much permanency. Even though the company convention weakened a bit in its ‘internal market’ version, it remained a base to impulse a reorientation in favor of a growing self-regulation of the company, in the tracks of the orientations promoted during these recent years by the French employers organization (Lallement, Merivaux, 2003)

**Germany** is also an ageing country. From an employment policy viewpoint, the recent years were rich in reforms, especially after the advices of the comity of experts Hartz. Without getting into details of all the measures which gave rise to successive plans, let’s note that companies have

acquired more latitude in managing their labour force (development of opening clauses concerning earnings, working hours, it is the case in chemistry, printing, housing...), that conditions required to get the status of unemployed is toughening (unemployed must accept a job even if it implies a move...) or that very short part time jobs (mini-jobs) will be able to develop because of a fiscal incitation in favor of household employers. What about recent transformation from the age stand point? Let us recall, that the German educational system gives a substantial education to young people considering the average training period is around 17 years, six months more than the average industrialised countries.

Even evolving towards a more general model in the French way, Germany is first on the line when it comes to vocational training. One of the structuring elements of these options is to favor professional labour market. Even if the results are still considered insufficient the Pact for Professional Training and vocational in 2003 largely confirms the willingness to pursue training system which came out these last ten years with the signature of six million vocational training contracts within German companies. The effects on employment were a decisive factor. As opposed to internal markets, which in case of economic difficulties have a tendency to stop from hiring, professional markets transfer the burden to young people. (Gehin, Mehaut, 1993) We find a great demonstration of this mechanism when we examine the evolution of the hiring processes of young people in the German and French iron and steel industry. In these two countries 'the percentage of employment reduction was about the same during the last fifteen years, in this restructuring sector. But in Germany, the number of job offers in training during that period was maintained, even increased. In France, on the contrary, hiring was frozen with the adoption of a general convention of social protection for the iron and steel industry (1977-1990) therefore at the beginning of the 90's, those under 25 represented less than 3% of the manpower of Usinor-Sacilor (Gautié, 2002, p. 15)

Germany has in common with France, a managing system of the ageing population which multiplies the possibility of anticipated outing from the labour market, because of social protected regime which compensate job loss. In the medium term, it decreased the amount of 55-64 from the active population, which varies from 50% in 1970 to 35% in the 80's and a little less than 40% now. Within the framework of reforms 'Agenda 2010' coming in force in 2004, a whole series of measures have recently been adopted which aims at inverting the preceding trend: easier short term labour contracts for seniors, conditions of the unemployed status more difficult for seniors, access to retirement less easy (the age when a person will be able to retire after a progressive retirement is 63 years old in 2008). Is it an effect of compensation from companies? We notice that in the German iron and steel industry, many companies tend to reduce the average weekly working hours of those older than 50. In the German case, the convention of differentiation (maintains a policy in favor of training) is still powerful. This last one comforts more than handicap the growing in strength of a more liberal referential, which comes out with a need to decrease costs in hiring seniors. A real tension opposes this last convention to a professional convention, which guarantees a substitute not from costs but only with the quality of the labor force. No doubt that the reunification on one hand and the European Strategy for Employment on the other hand had and still have converging effects, which revived tensions.

Like others, *Ireland* just adopted a retirement reform (July 28 2004) which stepped back retirement age – wage earners will be able to liquidate their seniority pension only if they reach the age of 60 and 35 years of contribution, then progressively this age will tend to progress - Different than other countries, for a decade, Ireland cumulates a series of characteristics, which could be considered as a model (after many others): young population (which limited spending in social protection), rebuilding of a system of industrial relations more centralised which favour the

installation of moderate wage policies with a strong mobility of labour force. Even considering today's situation, Ireland seems to be the best illustration of an original combination between liberal convention and professional convention. Liberal convention because, from a European view point, Ireland behaves like a good pupil: in the 90's, the active population increased by 40% and OECD considers this country as an example, unlike the United Kingdom, the flexibility of the labour market is real and efficient.

Professional convention too, may be because of its demographic characteristics, which seem lighter than other countries, Ireland was able to compensate liberal orientations and set up offensive educational policies, especially concerning higher education (free access since 1996). Priority was given to vocational careers in technology, A level + 2 or 3 years, their development was reinforced with a collaboration between companies and universities. Unlike Germany, these settings were installed because of the existence of intermediary networks – mainly local collectivities- that were able to give life and strength to this educational policy. This is only a small piece of a large work. Economists who directed themselves into the Irish case showed that the success from an employment view point is coming partly from this articulation between liberal and vocational options but also because of a very special place of this country which as a small regional economy opened itself to the outside, to mobilise and combine external financial and technological resources with its own internal resources. (Greenan, L'Horty 2004).

Not surprisingly, *Great Britain* with its multiple aspects appears as the archetype of the liberal convention. The British educational system has undergone various developments, which led to the downfall of the vocational training system during the last two decades (Lefresne, 2003). This deregulation could explain the decrease in the schooling rate between 15 and 19 years old from 2000 to 2002, when other European countries went through a growing increase of schooling for these given ages. The United Kingdom comes out to day with the lowest rate in schooling of young people. (Ryan, 2001) This escape from the school system lead to a higher rate of employment than other industrialised countries for the first ages of activity (16 to 19), but also to a high rate of very young unemployed or not active (8.2% of young men in 2002). The return to the needs of the market (Pierson, 2002) is even stronger with the older population (55 to 64 years). The activity rate of this age group went up by 5 points from 1990 to 2003 when the unemployment rate decreased during the same years (from 7.2% to 3.3%) This evolution demonstrates a progressive spreading of activities on the whole life cycle, revealing an 'external' management of the labor force (Favereau, Sollogoub, Zighera, 1992) This liberal convention is the fruit of a new compromise, more radical, which is seen through the implementation of public policies aiming at an intense activation of the labour force.

The *youth training system* (YTS) installed in 1980 was replaced in 1990 by the *Youth Training*. A scheme with the same characteristics but implying a powerful intervention of the State in the regulation of a vocational training system which was earlier in the hands of social partners, a massive handling of the young considering that 60 to 70% of the young people entering on the labor market at the age of 16 were integrated in this large training device. (Freyssinet 1991, Lefresnes 1998). These reforms lead to a kind of eviction of trade union representatives, put aside from the codification system of know-how within the Industrial Lead bodies of each vocational sector (Verdier, 1999). These policies also lead to a destabilisation of professional labour markets and to the externalisation of the the labor force management. But the renewal of training cannot counterbalance the redefinitions of age arrangements in the United Kingdom under the market regulation.

Besides, the tools of employment policies lay mainly on the principle of maximum opening of the labour market and management of the labour force by the costs. Therefore the United Kingdom went the furthest in pushing an anti-discriminatory age legislation allowing aged workers to participate in the race for employment. The government tried to make the employers aware of the problem of aged workers through a campaign *Age Positive* or *Code of Practice on Age Diversity in Employment* when *jobcenters Plus* were supposed to inform and lead in the choice of aging workers with activity and employment and to persuade them to stay on the job market. This strategy is related to a social protection system that makes the departure of the labor force unattractive, considering that retirement pensions offer a minimal cover and that pre-retirement is more or less not existing since the *Job Release system* in 1988. Concerning employment of young people, the instauration of a minimum wage modulated on age and the installation of the *new Deal for Young People* offering 60 pounds per week during two years to employers, testifies the logic of decreasing the cost of labour taking over job creation policies. Finally, since the end of 1970, we witness a step back of sector measures in job creation for the youngest: the Community Program associating the young to socially useful activities was cancelled in 1986 and since, the market oriented sector has been privileged. To sum up, the basic trend is the reinforcement of policies inspired by a liberal type convention, even if during the 1980's a parenthesis was opened toward the young population for which different targeted schemes were developed.

**Spain** is characterized by a pyramid population concentrated on intermediary age (20 to 59). The decrease in birthrate leads to an important ageing of the population. The educational system and especially vocational is traditionally closed to the French system, with a strong hierarchy between general and vocational educational systems within the original school system. The youngs come very early on the labour market and the rate of active people between 16 and 19 is well above the OECD average figures (14.7% and 11.9% with other countries) Employment falls between 20 and 29 years old, that can be explained, according to some observers, with the entrance in the underground economy.

Even though expenditure for employment is high in Spain (2,42% of PIB in 2002) but is mainly passive. The State intervention in the labour market regulation is then limited and has been stepping back since 1999 if we refer to classical budget indicators. Nevertheless, successive Spanish governments have increased the numbers of special contracts centered on different categories of people. These contracts which were multiplied since 1984 came out with subsidies or reduction of fiscal and social charges: subsidies of 500 000 pesetas (about 30% of the average earnings) to hire on an open-ended contract of youngs less than 26 years old (1985-1988) reduction of employee charges in case of hiring a workers older than 45(1984-1997), reduction in social charges and fiscal incitation in the framework of promoting long term employment contracts for unemployed between 18 and 29 years old and for those older than 45. Like France, Spain has also experimented direct substitution formula but with moderate success with employers. The "relief contract" offered between 1985 and 1996 aimed at easing early retirement, maximum three years before the legal retirement age, without losing retirement pension. The company had to hire a part time substitute (2600 contracts at the peak). We can also mention, the measure in lowering retirement age to 64 with no change on pension which makes companies to replace the aged worker with an unemployed or with a young unemployed with no work experience (1000 contracts en average between 1985and 1993, 3000 to day).

Even though Spain went far into creating jobs out of the market (public or non profit sector), these measures were not very much specialized on the age system. Those that were the most developed were the agreements with the administrative supervision of the public service of employment (INEM), which adopted more of a territorial logic (concentration on creating employment is less

favoured regions) than a categorical (Barbier, 2001). The sectorisation on the basis of age schemes is only found in aid measures to create jobs aimed at the young people less than 30 years old. Spain seems to suffer from a destabilization of the company convention and from the power of the intergenerational contract obvious on the internal market (Gautié op.cit) We also find a 'liberalisation' of age arrangements largely supported by the State even though there is a recent renovation of the initial system of vocational education more in conformity with the vocational convention.

**Greece** is a country, which must face its ageing population even though it is putting a big effort in catching up with social protection according to the European Community average. The country differs from other Mediterranean countries because of its high rate of young retention within the schooling system. Therefore 86.1% of the young between 16 and 19 are going to school, which places Greece at the same level than Sweden. The teaching system gives a dominant place to general education, which mobilizes 60% of the students in the secondary level in 1994. In the same way of thinking, the elaboration of certificates and vocational teaching programs remain centralized; social partners were only asked to give their opinion on the definition of vocational profiles that the Ministry of Education had made.

Greece belongs to the Mediterranean model of social protection characterized with the weakness of the transfers and the fragmentation of the system. Between 1994 and 1999 we saw a rapid growth in social protection spending, contrasting with the European trend. This rise in spending was mostly caused by a revalorization of retirement pension with an increase in the numbers of retirees. On the other hand employment spending is still low. The deformation of the profile per age of the Labor market indicates that Greece has undergone a destabilization of its internal markets but contrary to the French case presenting a double selection (young and aged workers) was transferred to the youngest. In fact, when young people are struck with unemployment indicating a severe slow down in recruiting, aged workers are relatively protected by companies and with the legislation, which make their redundancies more difficult. The rate of unemployment of 55 to 64 years old is of 3%, therefore inferior to the British unemployment rate of the same age range. It did not stop from lowering since 2000 even though the activity rate increased. This internal management of the labor force is not very much compensated by very timid employment policies.

If we take employment and unemployment indicators reference, **Sweden** and **Austria** are on top of the European list. Unemployment rate is well below the average -4.4% in Austria, 5.6% in Sweden when the European average in 2003 is 9.1% and the trend is improving even more in 2005 considering the favourable situation offered in both countries, long term unemployment is one the lowest in Europe, about 1% of the whole working population. The global employment rate 72.9% in Sweden and 69.2% in Austria is superior or very close to the objectives of Lisbon for 2010. The situation in these two countries is relatively different if we look closer at young and oldest. In Austria, The unemployment rate of the young is very low, about 7.2% (15-24 years old unemployed is 4.0%) In Sweden, it is even below the European average (18.2%) unemployment rate is higher. It even increased and reached 13.4% even though 15-24 years old unemployment rate is only 6.9%. We can't help comparing both educational and vocational training systems of each of these two countries. In Austria, young Austrians, enter rapidly into the occupation world. In Austria the initial vocational training system allows 14 years old (a year before leaving the schooling system) to enter a technical high school or superior vocational system, or quickly into the working world either after a year of pre-vocational school or in a technical intermediary vocational high school. Furthermore, training is very much developed and close to the German dual system. But contrary to Germany, it is the small companies which are the main actors. Big companies, very few in Austria, - an average of 20 wage earners- have their own training

workshops. During 1990 almost 50% of the young were in training schools and not much has changed ever since. One of the major occupation of employment agencies these last years has been the increase in number of regulated jobs (leading to training) and an action taken to limit the effects of the decrease in training offers: financing of independent training centres and new full time channels in vocational schools for students who have not found a place in the dual training system.

In Sweden, where dual training does not exist, the main reason given for the degradation of youth employment is paradoxically the extension of schooling and a competitive topping up system about the outcome of the educational system. Reinforcement on quality and efficient training system is crucial for social actors. A law about improving quality of upper secondary school would increase the ratio of young who finish off their studies. A commission of inquiry suggested proposals of a direct transition between upper secondary school and university and reduce the competitive topping up about high school diplomas. We must add that Sweden, with the amount of registered unemployed we must consider an important number of active young: with no employment, not in training and not looking for jobs. 8% of women between 20 and 24 and 7.9% of men are in this case. Measures are planned (in progress) mainly dealing with education. Employment and health. In terms of Benchmarking, the situation is upside down concerning aged workers. It is Sweden which is striking with an employment rate of 68.6% for ages between 55 and 64 (71.9% of activity rate) these figures are only 30.4% and 32.2% in Austria (the European average is 40.2% and 43.1% and the objective for 2010 is 50%)

It is possible to perceive here the consequences of the evolution of differentiated societies. In Sweden the place of aging workers was comforted by a demography requiring the mobilisation of the whole labour force. Therefore Sweden does not fix by law a maximum retirement age at the end of the working activity, and has programs guaranteeing employment for employed older than 57 years old and some public employments are kept for ageing workers. This preoccupation of maintaining people in the active world is well rooted as an objective guaranteeing an individual social well being, a “universal logic”(Courtieux, Erhel, 2005). Sweden has reformed in a very original way its retirement system according to a double principle of encouraging work and not to question benefits. The principle is ‘pay as you go’ giving a larger flexibility to departure age with a stimulus to stay active and a possible combination of employment-retirement.

In Austria we find the headlines of the German system: wage earners who entered early in working life benefit from many devices to retire earlier. Recent reforms favoured aged people to remain employed. It is the meaning of the ‘pact for aged workers’ negotiated in 1999. Part time work at the end of working life and a progressive pension are the most interesting measures of this scheme. As we can see, the “best in class” are very different from each other. When Sweden, with a liberal inflexion during 1990, went on developing with success a model based on research for the well being of the majority (improvement of a convention of differentiation), Austria remained close to the professional convention concerning the organisation of its educational system and management with ages. If performances appear very different from one country to another, differences lie mainly with their productive structure, demography and of course history... which sets limits to the comparative method.

**Italy** and **Hungary** have in common, as far as employment indicator references are concerned, the status of being the ‘bad students’ of the group. In both cases, but for different reasons, their activity rate is low (57.0 for Hungary, 56.1 for Italy in 2003) far from Lisbon objectives. What is special about Hungary is the combination of low activity rate and low unemployment rate (5.8%) Both indicators are only apparently correlated and this raises the question of the role of institutions

in the system. It is the lack (or ineffectiveness) of a national employment system and low unemployment benefits, which determine a low unemployment rate, rather than the economic activity of the country. We can add, about Hungary, the existence of a large underground economy. Paradoxically these aspects can be also found in Italy: unemployment benefits are low and limited to 40% of the last earning and for 180 days), independent work is highly developed with an important underground economy. The unemployment rate is closer to the European average (8.6% compared to 9.1%) but as we know, this country has enormous regional disparity between North (with almost full employment) and the South where unemployment is sometime more than 20%. This is worth mentioning for Hungary too where there are big regional contrasts.

The activity rate is historically low in Italy, especially because of the low participation of women in the labour market. This rate is in progress but remains below 50%. Since 1990 in Italy, debates started on employment and social protection. The exclusion of the young and women, which is quite high in some sectors of the labour market as well as in social protection only partially covering the labour force were put to question (HEGE, 2002). Reforms of the 90's will bring an increasing of labour flexibility (explosion of atypical jobs) but also, through measures in favour of maintaining jobs, more insurance stability, especially for wage earners in big companies (where the *cassa integrazione* system remains still very efficient) Assistance to young people integration is not really a topical question and spending on employment policy (active or passive) remains in Italy the lowest in Europe, as well as unemployment benefits. Families still play a major role as 'social absorber' (HEGE, 2002)

The centre-rightist government of S. Berlusconi at the beginning of 2000 started ultra-liberal reforms of the labour market whose official base were European recommendations (Lisbon and Stockholm). The traditional tripartite regulation in Italy (companies, State and Unions) was questioned and the CGIL, the most important trade union confederation was the main target. After publishing 'The white book on the Italian Labour market the attack against article 18 of the labour Code (protecting employed earners) brought a national social conflict leading to a general strike conducted by a united union front. This front did not last and the CISL and UIL finally signed without the CGIL 'the pact for Italy' in 2002. This pact follows the former logic of 'the white book' and organise reforms about the right to have a job (article 18), benefits for unemployed (revalued but under conditions), fiscal household and small companies measures (taxes reductions) and finally measures for the *Mezogiorno*. These measures seem contradictory and often difficult to apply. At first the reduction of taxes is not compatible with the deficit of public finances that remains the most important macro-economic question. It is not surprising that employment policies are not a priority on the liberal list in spite of the numerous industrial restructuring which took place in North Italy i.e. in the automobile and textile industries. In a very defavourable macro economic context and after numerous and unsuccessful approaches in the 90's, government once again tackled retirement problems. The aim is to reduce spending and incite earners to stay on their job as long as possible. After moving the retirement age, a model was set up (super bonus for earners postponing their retirement by at least two years). Measures were also taken to finance complementary benefits, favouring the emergence of private pension funds. This policy will bring the unions together and take people back in the streets. In 2004 the assembly of the three union confederations held in March to elaborate a common platform refusing liberal reforms and requesting an immediate change of politics. As we can see, the trend to impose 'liberal convention' differing from the Italian traditional regulation system, closed to 'the 'company convention' (at least in the north) but also typical of Italian society (role of the family), is facing a strong opposition and does not seem to resolve the problems of the economy at stake.



To go back to Hungary, it is obvious that the integration in the European Community is too close to get repercussions of transformations in progress. What is at stake is nothing else than the complete substitution of a global political system with completely different one. As in other countries entering the European community, a liberal logic strikes out but it is not the only one considering the implementation of public regulation devices such as the important employment service, master piece of an active employment policy. As we have seen it, the main characteristic of the Hungarian labour market is the low activity rate coupled with a low unemployment rate (5.9%) and a high rate of unemployed (39.8%). We can also point out the early retirement age, an easy access to substituted revenues for those who lost their job or are unemployed, number of people having invalidity benefits. The decrease of unemployment benefits for middle and high incomes was also a reason to retreat from the labour market. In 2003, 58% of non-working from 15 to 64 years old were getting pensions (retirement, pre-retirement or invalidity) and 14% got children benefits. We must also indicate that non-registered work is relatively high.

The employment rate of men in general and of aged men is remarkably low (the employment rate of women is inferior to the European average but the difference is lower than for men). This rate began to increase because of the extension of retirement age (legal) it is not the case with the young employment rate (15 to 24) which deteriorated turning from 30.7% in 2001 to 26.7% in 2003. The public employment office created at the beginning of the 92's became a key institution. It incorporates the national employment office, labour centres of Budapest composed of 19 districts and 179 local branches. This institution is financed by labour market funds. Local governments contribute equally to employment policies and programs for job seekers.

An active policy for the young is based on:

- Specific programmes to improve employability and promote employment for the young. It is financed by the labour market fund. Nine centres for employment are working on these programmes ;
- Programmes for the newly graduated in public administration ;
- An information and orientation network (public office for employment)

An active policy for old people is also implemented, aimed at delaying the age of retirement. (62 for men since 2001 with one year more every two years). The age limit for women is 59 since 2004. A restriction in the usage of pre-retirement was instaured. The employer must pay in advance the compensation of pre-retirement. The employment rate increased for those older than 55 and measures concerning taxes and national insurance contributions are taken to increase employment and the creation of companies for old working people. There is no legal incompatibility between activity and pension benefits. On the contrary, pensions are revalued in case they stay on their job and the employer is tax exempted in case he hires someone older than 50. Other programs to keep people older than 50 years and to reintegrate older unemployed more than 50 in the labour market are financed by the labour market fund.

## **5. Conclusion: Three mechanisms of transformation of conventions concerning employment regimes**

Europe is the scene for important upheavals from the standpoint of employment regimes. Even though it has not attained the expectations of the Lisbon summit, changes are important. The consequences are at the same time qualitative (employment takes over unemployment) and quantitative (extensive employment for all ages). Our report is an invitation to get rid of the unilateral vision of these transformations. As we have suggested, the evolution of employment regimes are dependent on the institutional configuration of each state. We tried to analyse these processes on the basis of arrangement per ages. With this in mind, it is possible to suggest some

types of elementary convention arrangements whose logic depend on the existence of dominant representations relative to the substitutable character of age categories.

Moreover, in the transformations that we have roughly outlined, three mechanisms are at work:

- Mechanism of ***hegemonic deepening*** of convention logic that is already at work. It is the case of France where, because of the success of a rhetoric impulsed by the dominating fraction of company managers, the company convention structures more than ever the dominating employment representation. This is also the case in the United Kingdom, in spite of the exception made for the question of young people integration, the liberal convention structures more firmly than ever the options of the employment policies.
- Mechanism of ***sedimentation or new articulations*** between conventions, as in the Irish case where the combination between liberal and vocational was added to make to day Ireland one of the best “pupil” of the European Community. Germany and Austria also comes also from this type of institutional evolution considering that all recent years witnessed: more flexibility and reinforcement of traditional mechanisms of the young through training.
- Mechanism of ***substitution*** when a convention was untill now not very much mobilised by social actors and now comes into action on a national past and gives an inflection on representations and practices. This is the case in numerous countries with the liberal convention. Substitution is never totally complete and tensions, as we have seen it, are numerous (Italy). In this case the Hungarian case is certainly the most spectacular.

To reason as we have just done, is only one of the ways to bring about and activate a neo-institutionalism way of thinking going beyond the effects of path dependency when national pathways are set in the international context. (*l'année de la regulation* 2004) We would need to deepen the question of the configuration of actors which are the root of the changes observed, to evaluate the relative share of action on this matter (from local to international) to move forward on the role of the economic, politic, administrative elites... In the promotion of such or such convention etc. Much needs to be done to improve a reasoning, which is still caught into constituted categories such as nation-state at first hand. Isn't it outrageous to go on comparing countries whose population varies by a factor of twenty (Ireland and Germany) ? Should we break up the analysis to compare what can be compared (regions for example) at the risk of going beyond existing borders and diminish the existing habits of social effects? As we can see, there is still much to be done.

## Bibliography

- Barbier J.C (2001) : *Temporary subsidised employment in the public and non profit sector : a European comparative study*, rapport, Paris, Centre d'études de l'emploi.
- Barbier J.C., Gautié J. (1998) : *Les politiques de l'emploi en Europe et aux Etats-Unis*, Paris, PUF.
- Barreau J., Brochard D. (2003), « Les politiques de rémunération des entreprises : écarts entre pratiques et discours », *Travail et emploi*, n° 93, janvier, p. 45-59.
- Biernacki R. (1995), *The Fabrication of Labor. Germany and Britain, 1640-1914*, Berkeley, University of California Press.
- Callon M., Lascoumes P., Barthes Y. (2001), *Agir dans un monde incertain*, Paris, Seuil.
- Chauvel L. (1998), *Le destin des générations*, Paris, PUF
- Couppié T., Mansuy M. (2001), «New Entrants and Experienced Workers on European Labour Markets », Working Paper, CATEWE (Comparative Analysis of Transitions from Education to Work in Europe) project, [http://www.mzes.uni-mannheim.de/projekte/catewe/publ/publ\\_e.html](http://www.mzes.uni-mannheim.de/projekte/catewe/publ/publ_e.html)
- Courtioux P. Erhel C.
- Davoine L. (2004), «Employment rate of the “seniors” and employment quality through the life cycle: a comparative approach », communication to the TLM work package meeting on «Active retirement; new solutions to demographic needs and individual preferences in retirement », June 3<sup>rd</sup> and 4<sup>th</sup>, Alcala, Spain.
- Dehousse R. (2004), «La méthode ouverte de coordination. Quand l'instrument tient lieu de politique », in Lascoumes P., Le Galès P. eds, *Gouverner par les instruments*, Paris, Les presses de Science Po., p. 331-356.
- Derathé R. (1979), *Jean-Jacques Rousseau et la science politique de son temps*, Paris, Vrin.
- Doeringer P., Piore M. (1971), *Internal Labor Market and Manpower Analysis*, Heath, Lexington, Massachusetts.
- Eyraud F., Marsden D., Silvestre J.-J (1990): « Marchés professionnels et marchés internes du travail en Grande-Bretagne et en France », *Revue internationale du travail*, vol. 129, n° 4, p. 551-569.
- Favereau O., Sollogoub M., Zighera A. (1992) : «Une approche longitudinale de la segmentation du marché du travail », *Formation Emploi*, n° 33, p. 3-16.
- Ghai D. (2002), *Decent work : concepts, models and indicators*, Working paper n° 139, Genève, ILO, 48 pages.
- Garonna P., Ryan P. (1989) : «Le travail des jeunes, les relations professionnelles et les politiques sociales dans les économies avancées », *Formation Emploi*, n° 25, janvier-mars, p. 78-90.
- Gautié J. (2002), « Déstabilisation des marchés internes et gestion des âges sur le marché du travail : quelques pistes », *Document de travail du CEE*, n° 15, mars, 34 pages.
- Géhin J.P., Méhaut P. (1993), *Apprentissage ou formation continue ? Stratégies éducatives des entreprises en Allemagne et en France*, Paris, L'Harmattan.
- Greenan N., L'Horty Y. (2004), *La nouvelle économie irlandaise*, Document de travail du CEE, n° 33.
- Guillemard A.M. (2003), *L'âge de l'emploi. Les sociétés à l'épreuve du vieillissement*, Paris, Colin.
- Hall P., Soskice D. eds (2001), *Varieties of Capitalism. The institutional Foundations of Comparative Advantage*, Oxford, Oxford University Press.
- Hege
- Lallement M., 1999, *Les gouvernances de l'emploi*, Paris, Desclée de Brouwer.

- Lallement M., Mériaux O (2003), «Status and Contracts in Industrial Relations. «La Refondation sociale », a new Bottle for an old (french) Wine ? », *Industrielle Beziehungen*, Jg. 10, Heft 3, p. 418-437
- Le Dem J., Pisani-Ferry J. (1984), «Crise et politiques économiques dans les grandes économies industrielles : permanences et changements », *Critiques de l'économie politique*, n° 26-27, janvier-juin, p. 11-52.
- Lefresne F. (2003), *Les jeunes et l'emploi*, Paris, La Découverte.
- Marioni P (2005), « Accroître l'emploi des seniors : entre volontés et difficultés », *Premières Synthèses*, n° 04.1, janvier, 8 pages.
- Marsden D. (1989), *Marchés du travail. Limites sociales des nouvelles théories*, Paris, Economica.
- Marsden D. (1999), *A Theory of Employment System*, Oxford, Oxford University Press.
- Salais R., 2004, «La politique des indicateurs. Du taux de chômage au taux d'emploi dans la stratégie européenne pour l'emploi », in Zimmermann B. ed., *Les sciences sociales à l'épreuve de l'action. Le savant, le politique et l'Europe*, Paris, Editions de la Maison des sciences de l'homme, p. 287-331.
- Pierson (2002): "Coping with permanent austerity: welfare state restructuring in affluent society", *Revue française de sociologie*, 43-2, p. 369-406.
- Piore M. (1982), «Dualism in the labor market. A response to uncertainty and flux. The case of France », in Mairesse J. ed., *Emploi et chômage*, Paris, Presses de la FNSP, p. 26-48.
- Ryan P. (2001) : « The school-to-work transition : problems and indicators », in A-N. Perret-Clermont, C. Pontecorvo, L. Resnick, T. Zittoun et B. Burge (eds) : *Youth, learning and Society*, Cambridge (UK), CUP.
- Spence M. (1973), « Job Market Signaling », *Quarterly Journal of Economics*, vol. 87, n° 3, august, p. 355-374.
- Revue économique* (1989), n° spécial « L'économie des conventions », Presses de la FNSP.
- Verdier E. (1995), «Politiques de formation des jeunes et marché du travail. La France des années quatre-vingts », *Formation Emploi*, n° 50, avril-juin, p. 19-39.
- Verdier E. (2000), «Reintroducing public action into societal analysis » in Maurice M, Sorge A. eds, *Embedding organizations: societal analysis of actor, organizations and socio-economic context*, Amsterdam, John Benjamins publishing company, p. 325-338.