RAPIDLY INCREASING RETIREMENT AGES

"Professor Jensen masterfully brings together both theoretical and empirical evidence from Denmark, Germany and the UK to elucidate the changing nature of individuals' workability, family structures, societies and work itself, to comprehensively understand rapidly increasing retirement ages and evolving employment practices for older workers."

Kenneth S. Shultz, California State University, San Bernardino, USA

"All countries in the western world are challenged by the prospect of an ageing workforce. This important book shows how Denmark, Germany and the UK are transitioning from early exit societies to societies which foster late career employment."

Kène Henkens, NIDI, University Medical Center Groningen and University of Amsterdam, the Netherlands

This prescient book provides a theoretical and empirical analysis of retirement practices in Denmark, Germany and the UK. Per H. Jensen interrogates the factors behind rapidly increasing retirement ages in these countries between 2000 and 2018.

Drawing on the age arrangement approach, Rapidly Increasing Retirement Ages considers the position of older workers in the context of changing norms and ideals, discourses, welfare states, labour markets, and families as well as the changing characteristics of older workers themselves. Jensen uses statistical data to highlight how the developing practices of older workers are prompted by societal transitions from an early- to late-exit age arrangement. This includes transitions from early- to late-exit discourses, from welfare states to enabling states, from closed to open labour markets, from male-breadwinner to dual-breadwinner family models, and from low to high levels of work ability among older workers. In addition, Jensen shows how the different dimensions of change are connected and intertwined. Intersectional in its scope, this book posits an illuminating, comprehensive and much-needed response to this growing societal issue.

This book is a vital read for academics, researchers and students of sociology, social policy, economics, welfare policy and political science. Providing a thorough examination of older workers in modern society, this book is also of benefit to practitioners and policymakers working in business management, public policy and social welfare.

Per H. Jensen is Adjunct Professor in the Department of People and Technology at Roskilde University, Denmark.

Cover image: yamasa-n on Unsplash.
Rapidly Increasing Retirement Ages
AGEING, WORK AND WELFARE

Series Editors: Philip Taylor, Professor of Human Resource Management, Federation Business School, Federation University Australia, Australia and Professorial Fellow, Institute for Employment Research, University of Warwick, UK and Catherine Earl, Lecturer in Communication, School of Communication and Design, RMIT Vietnam, Vietnam

For a full list of Edward Elgar published titles, including the titles in this series, visit our website at www.e-elgar.com.
Rapidly Increasing Retirement Ages
Changing Employment Practices for Older Workers

Per H. Jensen
Adjunct Professor, Department of People and Technology, Roskilde University, Denmark

AGEING, WORK AND WELFARE

Edward Elgar
Cheltenham, UK • Northampton, MA, USA
To
Anna, Nicolay, Maya,
Aske and Hjalte
# Contents

<table>
<thead>
<tr>
<th>List of figures</th>
<th>viii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>ix</td>
</tr>
<tr>
<td>1 Problematiques, theories and methods</td>
<td>1</td>
</tr>
<tr>
<td>2 Discursive change from ‘early’ towards ‘late’ exit/retirement</td>
<td>16</td>
</tr>
<tr>
<td>3 From a welfare state towards an enabling state</td>
<td>40</td>
</tr>
<tr>
<td>4 From closed towards open labour markets</td>
<td>75</td>
</tr>
<tr>
<td>5 From the male-breadwinner towards the dual-earner family</td>
<td>100</td>
</tr>
<tr>
<td>6 From low towards high (or higher) levels of work ability</td>
<td>125</td>
</tr>
<tr>
<td>7 Concluding discussion and perspectives</td>
<td>136</td>
</tr>
<tr>
<td>References</td>
<td>153</td>
</tr>
<tr>
<td>Index</td>
<td>182</td>
</tr>
</tbody>
</table>
Figures

3A.1 Denmark: employment rate different age groups (2000–18) 72
3A.2 Germany: female, male and overall employment rates, ages 55–64, 2000–18 73
3A.3 The UK: female, male and overall employment rates, ages 55–64, 2000–18 74
4.1 Unemployment rate, ages 15–74 years of age 79
4.2 Average annual wages, constant prices at 2019, US dollars 88
4.3 Gender pay gap in industry, construction and services (except public administration, defence, compulsory social security) 89
4.4 Employment rate, women, 55–64 years of age 90
5.1 Age–employment (rate) profiles in 2000 and 2018 for women, Denmark, Germany and the UK 101
Preface

This book has been in the making for years, the ideas behind it maturing in a Joint Programme Initiative-funded research project entitled Social Inequalities in Extending Working Lives of an Ageing Workforce (EXTEND), which was initiated under the leadership of Gerhard Naegele. The project ran from 2016 to 2018.

I thank everyone involved in the EXTEND project for their constructive and inspiring comments. Special thanks to Moritz Hess, Jürgen Bauknecht and Gerhard Naegele, and Daniel Holman. They prepared the German and British profile descriptions that are an important part of this book. The German profile description has been published in part in Hess et al. (2021). Thanks also to Moritz Hess, Daniel Holman, Gerhard Naegele and Alan Walker for having provided significant input to Chapter 2 of this book. I have also drawn on material compiled by Jürgen Bauknecht when he was involved in the MOPACT project.

I also want to extend my gratitude to my good friends, Asmund W. Born and Fritz von Nordheim, for their critical and stimulating comments made during the final stages of this book. Fritz von Nordheim in particular has invested a considerable amount of his limited time attempting to improve my arguments. I would also like to express my gratitude and thanks to Professor Annick Prieur for inspiring and fruitful interactions.

And obviously it goes without saying: I alone am responsible for the content of this book.

The book is published with the support of The Rockwool Foundation.

Per H. Jensen
Roskilde University, Denmark
Table 1.1 Older worker employment rates and old-age dependency ratios in selected European countries, 2000–2018

<table>
<thead>
<tr>
<th></th>
<th>Employment rate for 55–64 age group</th>
<th>Old-age dependency ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2018</td>
</tr>
<tr>
<td>Denmark</td>
<td>55.7%</td>
<td>69.2%</td>
</tr>
<tr>
<td>Germany</td>
<td>37.3%</td>
<td>71.4%</td>
</tr>
<tr>
<td>UK</td>
<td>50.7%</td>
<td>65.3%</td>
</tr>
<tr>
<td>France</td>
<td>37.0%</td>
<td>52.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>27.7%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Spain</td>
<td>37.0%</td>
<td>52.2%</td>
</tr>
<tr>
<td>EU-28</td>
<td>36.8%</td>
<td>58.7%</td>
</tr>
</tbody>
</table>

Note: The employment rate is the percentage of employed persons in relation to the total population, while the old-age dependency ratio is the number of individuals aged 65 and over per 100 people of working age, defined as those aged 20–64.

Source: OECD.Stat; Eurostat (LFSI EMP_A_H).
Table 1.1 also illustrates the old-age dependency ratios in 2000 and 2050. As presented here, old-age dependency ratios were not distinctly different in 2000, whereas the differences in projections of the old-age dependency ratios for 2050 are markedly diverse. Challenges from demographic ageing are especially evident in Italy and Spain, as the old-age dependency ratios in 2050 will be 74.4 and 78.1, respectively. In contrast, the challenges are less pronounced in Denmark and the UK, exhibiting dependency rates of 44.6 and 47.1, respectively.

These patterns clearly demonstrate an absence of any clear link between country-specific challenges from an ageing and shrinking workforce, on the one hand, and the development of the employment rates among older workers on the other. Actually, it seems as though countries with rather moderate demographic challenges have responded more and more swiftly than have countries with considerable challenges from demographic ageing. But why have the least-threatened countries responded far more radically to the challenges from demographic ageing? Given that the outcomes are quite similar in the three northern European countries, this puzzle has led to the following research question: how can rapidly increasing and high levels of employment among older workers in Denmark, Germany and the UK be explained?

In answering this question, the ambition of this book is to contribute to our knowledge about the factors conditioning the fluctuating employment rates among older workers. The next section reviews recent empirical studies on this issue and identifies some shortcomings in the literature. Many of these studies belong to a field of applied research, are based on middle-range theories, often applying stimuli–response models, or they are focusing on specific segments or levels of society. In contrast, this book suggests that a systemic theoretical approach may provide a better and more comprehensive understanding of the factors conditioning the timing of retirement, and a systemic theoretical model is developed. The theoretical model that will guide the empirical analyses is presented below, followed by a description of the methods employed, the choice of countries and the timeframe for the empirical analysis. This chapter concludes with a presentation of the structure of the book.

2. HOW HAS RETIREMENT TIMING PREVIOUSLY BEEN EXPLAINED?

The number of empirical publications in disciplines such as economics, sociology and psychology about the timing of retirement has mushroomed in recent decades. Based on this research, it is safe to say that retirement timing is not determined by any single factor. Retirement is a highly complex phenomenon, indicating that a multiplicity of factors conditions the retirement process (Ilmarinen 2005; Phillipson and Smith 2005; Vickerstaff 2010; Naegele and
Problematiques, theories and methods

Bauknecht 2013; Hasselhorn and Apt 2015; Fisher et al. 2016; Larsen and Pedersen 2017; OECD 2020a; Leinonen et al. 2022). These factors operate at the macro, meso and micro levels (e.g. Fisher et al. 2016; Axelrad 2018; Stiemke and Hess 2022), at the institutional, organizational and individual levels (e.g. Szinovacz 2013; Topa et al. 2018), and in different spheres of society.

The call to prolong working life came from international organizations such as the World Bank, OECD, WHO and EU, which in various ways have ‘discoursed’ the necessity of a later exit, and these discourses have trickled down to the national level (Leime and Loretto 2017) but may have impacted national discourses and retirement behaviour differently. Nonetheless, it has been argued convincingly that internationally influenced national narratives (Phillipson 2019) and discourses (Taylor and Earl 2016) have been among the factors that have pushed or motivated people to retire later. In all probability, narratives and discourses have thus framed and influenced contemporary retirement patterns.

Discourses have been translated into and supported a series of welfare reforms in most of the countries in Western Europe. Pension systems and early retirement pathways have been extensively reformed. Although these reforms cannot fully explain the changing employment and retirement behaviours among older workers, economists (e.g. Börsch-Supan 2000; Mastrobuoni 2009; Staubli and Zweimüller 2013; Cribb et al. 2016) and sociologists (e.g. Radl and Himmelreicher 2015; Kuitto and Helmdag 2021) have documented how the changing financial incentives of the welfare state are associated with changing inclinations to retire.

The employment prospects of older workers obviously depend on employer willingness to recruit and retain them. In turn, employer dispositions tend to be conditioned by features of labour markets, not least unemployment levels (Knuth and Kalina 2002; Ebbinghaus and Hofäcker 2013; Szinovacz et al. 2014; OECD 2016c) and the stereotypical constructions of older workers (Henkens and van Dalen 2013; Ayalon and Tesch-Römer 2018). Studies have also shown that the employment opportunities of older workers are influenced by the properties of the individual company, such as company size and age management policies (e.g. van Dalen et al. 2009, 2010; Jensen and Møberg 2012; van Solinge and Henkens 2014; Mulders et al. 2017; van Dalen and Henkens 2018; Jensen et al. 2020b; Jensen 2022b).

Increasing employment rates among older workers can be accounted for to some degree by the increasing employment rates among women, especially in countries such as Germany. This intersects with how changes in the economic characteristics of the family model from male-breadwinner to dual-earner – as aided by the provision of public care facilities (e.g. Leime et al. 2017) – have become dominant, including among older workers. It is often also argued that
Rapidly increasing retirement ages and that spouses tend to coordinate their retirement (e.g. Coile 2004; Syse et al. 2014), meaning that the household or internal processes within the family influence retirement timing.

The micro-level focus has been on how individual characteristics such as gender, health and education shape retirement timing (e.g. Danø et al. 2005; Tang et al. 2013; de Wind et al. 2014; Earl and Archibald 2014; Radl 2014; Thorsen et al. 2016; Edge et al. 2017; Leime et al. 2017; Welsh et al. 2018; Geyer and Welteke 2021). Additionally, psychologists and micro-sociologists have been interested in analysing the motivations, attitudes, preferences and dispositions towards retirement, which include the study of work orientation, satisfaction with work and transitional processes from work to retirement (e.g. Shultz and Wang 2007; van Solinge and Henkens 2008; Damman et al. 2011; Solem et al. 2016; Browne et al. 2019; Jensen et al. 2020a).

An array of factors operating at different societal levels and in different spheres of society clearly condition when and why older workers retire. However, the multifaceted insights into retirement processes also pose a challenge. As argued by Leinonen et al. (2022), for instance, there is a lack of clarity about how the different factors conditioning retirement are connected or interrelated. For instance, how are discourses related to family factors, and how are changing labour markets or changing welfare policies interacting with individual characteristics? Taina Leinonen and her colleagues (2022, p. 1632) therefore call for the development of a theory or conceptual framework allowing researchers ‘to better address the complexity’ of work–retirement processes. Accordingly, this book proposes that an interdisciplinary theoretical model may help to link phenomena that have previously been analysed separately, thereby providing a deeper, more comprehensive understanding of why and how the labour market practices of the older working population has changed in Denmark, Germany and the UK.

3. A SYSTEMIC MODEL EXPLAINING INCREASING EMPLOYMENT RATES AMONG OLDER WORKERS: THE AGE ARRANGEMENT APPROACH

Many studies analysing retirement timing are based on so-called middle-range theories (see Merton 1968) or ad hoc hypotheses. The typical ambition is to explain individual behaviour (retirement timing) by searching for associations between two or more variables, exemplified as relationships between the characteristics of the individual on the one hand, and characteristics of factors that are external to the individual on the other. Examples could be how behaviour is conditioned by wealth and income, by gender, health and education, or by company policies and practices. As van Solinge and Henkens (2014) have
argued, however, individual behaviour in relation to retirement timing evolves in a societal context with many interrelating factors. Accordingly, the aim of this book is to move beyond ad hoc hypotheses by anchoring reflections on the changing behaviour of older workers in basic notions of society (cf. Kohli 1988; Coleman 1990).

In this endeavour, the book draws on theories of practices (Bourdieu 1977, 1990), the so-called ‘age-arrangement’ approach (de Vroom 2004; inspired somewhat by the ‘gender arrangement’ approach developed by Pfau-Effinger 1998, 2005b), and using ideal-typical reasoning (Weber 1978; Hekman 1983; Bourdieu et al. 1991; Lindbekk 1992; Frericks et al. 2018).

Following de Vroom (2004), an ideal-typical distinction can be drawn between societal ‘early-exit’ and ‘late-exit’ age arrangements, which represent two contrasting ways in which the age–work relationship is orchestrated in a given society at a given moment in time. In an early-exit age arrangement, employment among older workers (aged 55–64 years) is low because they exit the labour market before the official age of retirement (usually the state pension age), whereas high employment levels can be found among older workers in a late-exit age arrangement. In Western Europe, early-exit arrangements emerged in the mid-1970s. In line with the EU employment targets formulated at the turn of the millennium, however, older workers have rapidly been integrated into the sphere of work in the three countries studied in this book. Hence, the main assertion made here is that the development trajectories between 2000 and 2018 in older-worker employment rates in Denmark, Germany and the UK represent a transition or structural shift from early-exit to late-exit arrangements.

Such conversions are not just associated with changes in societal demography, adjacent state policies or the health and education of older workers, but also with developments in values, norms, cultural orientations and the work identities existing among the older members of society. Hence, an age arrangement is founded in an age culture, which refers to the social norms, values, ideals and perceptions in society that provide the basic standards for defining what is correct, desirable or culturally acceptable.

An age arrangement based on an age culture consists of component parts such as societal discourses and important social institutions (welfare states, labour markets and families), and it finds expression in the working practices of older workers, interconnected with their work ability and dispositions towards the labour market (de Vroom 2004; Pfau-Effinger 2005a). Hence, the aim of the next section is to account for the inter-relationship between the component parts in the early-exit versus late-exit age arrangements. An ideal-typical analytical model that functions as the hypothetical framework of this book is developed.
3.1 From an Early-Exit Towards a Late-Exit Age Arrangement

The prevalence of an *early-exit age arrangement* in Western European nations can roughly be dated to the period from the mid-1970s to the turn of the millennium, when employment rates among older workers (ages 55–64) fell to dramatically low levels in most countries. This development was accompanied by shifts in norms and values (i.e. the formation of an early-exit *age culture*; Guillemard 2003), where older workers were expected to withdraw from the labour force at younger ages. Thus, according to the early-exit arrangement prevailing until around 2000, it was socially acceptable for older workers to exit their role as wage earners and embrace a life of leisure from an earlier age than previously.

In the late-exit arrangement epoch, which took off around 2000, working until an older age and retiring later has become a central ideal at both the societal and individual levels, associated with the formation of a late-exit age culture. At the societal level, life has become increasingly structured around work and a work-centric vision. Being engaged in active employment is increasingly viewed as a moral obligation and normative ideal for all social groups, including the older (55–64 years) workers themselves. As such, the late-exit age culture ties in with the ideals of the so-called ‘work society’ (cf. Walters 1997), where the entire adult population (including older people, the disabled etc.) are expected to be working. Simultaneously, at the individual level, work is becoming an arena for self-actualization, self-realization and individualization, while collective experiences of employment fade away (Giddens 1991), implying that individuals are increasingly expected to take responsibility for their own lives (Jensen and Pfau-Effinger 2005). Hence, the notion that older workers must work and remain self-reliant are characteristic features of the late-exit age culture, which signifies how early retirement financed by the welfare state loses status as legitimate conduct.

The aim in the following is to hypothesize how the structural shift from early-exit to late-exit age arrangements and age cultures ideal-typically intersects with changing discourses, changing social institutions and the changing characteristics of older workers.

3.2 Changing Discourses

As argued by Taylor and Earl (2016), discursive practices in relation to the situations of older workers have been an under-researched area. Nonetheless, one may assume that the transition from an early- to a late-exit age arrangement intersects with changing discourses, because discourses are rooted in ideals, and ideals and age cultures are different in early-exit and late-exit age arrangements. In an early-exit arrangement, *early-exit* discourses predominate, and
early-exit discourses centre on expectations that older workers leave the labour market in return for generous welfare benefits and a just redistribution of income. The narrative is, furthermore, that early-exit creates job openings for unemployed, younger segments in the labour market, which allows employers to rejuvenate the labour force. In contrast, discourses in a late-exit age arrangement are anchored in a work-centred ethic. According to newer discourses, late-exit is not just a necessity and an unavoidable obligation, but also a new opportunity. Older workers must therefore work longer for several reasons. By working longer, they boost the labour supply in a time marked by a declining working-age population while simultaneously achieving more inclusive, fulfilling lives. Early-exit is expensive for society, whereas late-exit helps to secure financial sustainability. According to the active ageing narrative, late-exit also enhances the quality of life among older adults (WHO 2002), as working longer supposedly helps seniors to live healthier, better lives.

3.3 Institutional Change

The family, labour market and welfare state are major welfare-producing institutions in Western societies. Since institutions can be characterized as situated activities or regularized practices (Giddens 1984), changing the practices of older adults in the form of rapidly increasing employment rates is bound to intersect with institutional change. Ideal-typically, the claim becomes that the transition from the early- to late-exit age arrangement at the institutional level interlinks with the transition from a welfare state to the enabling state; from closed to open labour markets; and from the male-breadwinner to the dual-breadwinner family model.

3.3.1 Changing welfare policies

In a state-centred perspective, the welfare state is seen as founded on principles of social rights (Marshall 1950) allowing individuals to uphold ‘a socially acceptable standard of living independently of market participation’ (Esping-Andersen 1990, p. 37). Social rights allowing citizens to maintain a reasonable standard of living independent of market participation, often referred to as de-commodification, are rooted in an ideal of emancipation from wage work or labour market participation. In this perspective, generous, state-guaranteed early retirement or pension rights are considered a well-earned and fully legitimate route to a decent life outside formal employment, which intersects with low older-worker employment rates. In contrast, the enabling state (Gilbert 2002) represents a return to individual responsibility and a more market-oriented approach to social protection. Accordingly, the enabling state is supposedly based on a work-centred ethic, and its emergence has been associated with cuts to benefits (retrenchment and re-commodification), increases
in the state pension age (SPA) and the privatization of parts of pension systems (e.g. Ebbinghaus 2011). As such, the enabling state promotes paid work and high employment rates for most social groups, including older workers. As argued by Jensen and Pfau-Effinger (2005), however, the enabling state does not represent a total phasing-out of social rights; new social rights covering new social risks are developing. Thus, social rights in relation to childcare and eldercare have grown stronger throughout Europe, which allows (especially) women to work (more). This indicates that the work ethic is the foundation for the formation of new social rights. Older female adults have been emancipated to some degree from informal caring responsibilities vis-à-vis grandchildren and frail, elder relatives, enabling them to participate fully in the formal labour market.

3.3.2 Changing labour markets
Retirement timing depends largely on the employment prospects offered to older adults by labour markets and workplaces. An array of factors condition the employment prospects for older workers, including the character and strength of the demand for labour, unemployment levels, ageist stereotypes, employer willingness to hire/retain older workers, access to active labour market policies and so on. Older workers may be subject to social closure (Parkin 1979) or what Weber (1978) has conceptualized as closed labour markets. In closed labour markets, the participation of certain persons, such as older workers, is ‘excluded, limited, or subjected to conditions’ (p. 43). Frank Parkin’s notion of ‘social closure’ refers to situations where ‘social collectives seek to maximize rewards by restricting access to resources and opportunities to a limited circle of eligible’ (Parkin 1979, p. 3) (e.g. prime-age males). Thus, ‘social closure’ helps to divide the population into workers (prime-age males) and various categories of non-workers (e.g. older adults), which is a special feature of the early-exit age arrangement. As such, low employment rates among older workers likely intersect with closed labour markets. In contrast, open labour markets do not deny participation to anyone interested in joining and able to do so. This would allow older workers in good health and with a strong work orientation to enter or remain in the labour market until or beyond the pensionable age. Open labour markets are actually a precondition for acting self-responsibly; they revolve around a strong work ethic and cultivate high employment rates among older workers.

3.3.3 Changing families
Rising employment among older women is an important factor contributing to the rising employment rates among older workers in general. That women in the segment of older adults enter or remain in the labour market is associated with changes in the family form and structure. One could say that defamili-
alization (Esping-Andersen 1999) has been cultivated among older cohorts of the population. Hence, women in the segment of older adults entering or remaining in the labour market is associated with changes in the family form and structure. In the early-exit age arrangement, families were based on the male-breadwinner model, where older cohorts of women and women in general were positioned as homemakers engaged in informal work (e.g. Pfau-Effinger 2004a). In 2000, the employment rate among 55–64-year-old German women was 29. In contrast, the male-breadwinner/female part-time carer or the dual-breadwinner model is fully compatible with high employment rates among (female) seniors. The dual-breadwinner model indicates that women have become enrolled in formal, paid employment leading to families with less distinct gender roles and that democracy and equality (not patriarchy) have become the steering mechanism of the family. In 2018, for instance, the employment rate among 55–64-year-old women in Germany had surged to 67. This also means that working couples become more concerned about coordinating retirement (Becker 1991).

3.4 Changing Characteristics of Older Workers

At the subgroup level, older adults are expected to undergo changes in identities and properties in the transition from an early-exit to a late-exit age arrangement. Thus, individuals belonging to the older cohorts (55–64) in 2000 can be assumed to view retirement rather differently than those in the same age cohorts in 2018. Older adults embedded in an early-exit age arrangement conceivably tend to have a weak work orientation as they age, whereas individuals aged 55+ in the late-exit arrangement, with its work-centred ethic, are likely to have a strong work orientation (e.g. Twenge et al. 2010). It is similarly reasonable to hypothesize that changing practices at the individual level are associated with changes in work ability, referring to the ability of workers to master work–life challenges (Ilmarinen 2005). One might therefore expect low levels of labour force participation in an early-exit age arrangement to tie in with lower levels of work ability as workers encounter limitations in their health and educational achievement. Likewise, it can be assumed that high levels of labour force participation in a late-exit age arrangement are preconditioned by higher levels of work ability. Thus, in 2018, the 2000s cohorts of older workers have been replaced by cohorts whose lives have been influenced by higher education levels, better working conditions and better relative health. Changing practices may thus be associated with a shift from lower to higher levels of work ability among older workers – older-worker employment increases as work ability increases.
3.5 Conceptual Model

Propositions about how the changing work and retirement practices among older workers in two different age arrangements are systemically related to specific discourses, developments in key institutions (welfare state, market and family) and characteristic features and orientations of individuals are summarized in Table 1.2. The table offers a heuristic theoretical framework for how the transition from early- to late-exit can be comprehensively understood and explained. Basically, Table 1.2 is an ideal-typical construct, which allows us to link different dimensions of the socially structured conditions of existence in a systematic and logically coherent manner.

Table 1.2 Theoretical model

<table>
<thead>
<tr>
<th></th>
<th>Early-Exit Arrangement</th>
<th>Late-Exit Arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age cultures</td>
<td>Early-exit: Norms, values and ideals deprive older workers from labour market participation</td>
<td>Late-exit: Norms, values and ideals call for older adults to remain in paid employment until late in life</td>
</tr>
<tr>
<td>Discursive practices</td>
<td>Ideals about early-exit are discoursed</td>
<td>Ideals about late-exit are discoursed</td>
</tr>
<tr>
<td>State</td>
<td>Welfare state: Emancipation from the whip of the market (de-commodification)</td>
<td>Enabling state: Retrenchment and privatization of early retirement and pension systems Provision of childcare and eldercare</td>
</tr>
<tr>
<td>Labour markets</td>
<td>Closed: Older workers subject to exclusionary processes</td>
<td>Open: Older workers can participate if they wish</td>
</tr>
<tr>
<td>Family</td>
<td>Male-breadwinner: Patriarchy</td>
<td>Dual-breadwinner: Older women as wage earners Couple coordinate retirement</td>
</tr>
<tr>
<td>Practices of older workers</td>
<td>Low participation levels</td>
<td>High participation levels</td>
</tr>
<tr>
<td>Dispositions and characteristics of the older-worker subgroup</td>
<td>Weak work orientation, low levels of work ability</td>
<td>Strong work orientation, high levels of work ability</td>
</tr>
</tbody>
</table>

Table 1.2 has vertical and horizontal dimensions. Vertically, the ideal-typical construct represents hypotheses about how different dimensions and societal
levels of relevance for retirement timing are related to one another in two different ideal-typical age arrangements: two periods with low versus high labour force participation rates among older workers. The different components in the vertical constructs (age cultures, ideals, discourses, institutions and older workers) are related to one another in a homological relationship, meaning that they are structured along similar generative and unifying social principles. A structural homology does not suggest that different spheres of life are identical, however, but rather that different arenas in a given era are organized along similar social logics and principles; while components in an early-exit arrangement are structured or interlinked by principles of disengagement, components in late-exit arrangements are structured or interlinked by work-centric principles.¹

In theoretical terms, this would also indicate that concepts in the theoretical model are systemic concepts. The theoretical model thus presupposes that each concept (e.g. the dual-breadwinner model) refers to the complete system (e.g. the late-exit age arrangement) and its interrelations (e.g. associations between the dual-breadwinner model, enabling state and open labour markets etc.), all structured by while simultaneously structuring social practices (e.g. high participation rates). Hence, social structures, traits and practices tend to correspond to one another, meaning that there tends to be a resemblance between the components in a social system at a given time. Logically, it is unthinkable that high labour force participation rates among older workers prevail in a society where components such as generous early-exit options, closed labour markets, the male-breadwinner family model, poor older-worker health, and a weak work orientation predominate.

Horizontally, the model indicates that the transition from low to high labour force participation rates among older workers is interlinked with a transition from an early- to a late-exit age arrangement. The model, however, should not be understood rigidly. Table 1.2 is an ideal-typical construct, and when ideal-typical constructs are measured against observable objects, gaps between models and reality are revealed. In reality, continuities/discontinuities or compatibilities/incompatibilities between parts do co-exist. Structures operating in relation to one another may contravene, which is exactly what sometimes generates social change (Blyth 2002; Culpepper 2008). If open labour markets evolve in the context of an early-exit age arrangement due to severe labour shortage, for instance, new opportunities, a new room for manoeuvre or new life situations may open up for older workers (Amann 1983). Inasmuch as older workers understand, grasp and exploit such opportunities, new practices will evolve and – as a feedback mechanism – may in turn trigger systemic changes.

It is also worth noting that the model does not claim that high or increasing employment rates signify that a late-exit age arrangement is fully matured or
that labour markets are fully open. The ideal-typical model will never appear in any ‘pure’ form. Rather, the argument is that the core value in the early-exit age arrangement was that older workers were positioned outside the labour market, whereas the integration of older workers in the labour market is becoming a core value in the late-exit age arrangement. As such, the claim is that labour markets are in all probability in the process of opening, the enabling state is emerging, the family form among older workers is transitioning towards the dual-breadwinner family model and these changes are all occurring together with discursive changes and changes in the work ability and employment practices of older workers.

4. METHOD

The ideal-typical model on which this book is based is a coherent fiction designed to be measured against empirically observable phenomena (cf. Lindbekk 1992). In the theoretical model, the components are homologically structured. To become genuinely observable objects, however, these components must be broken down into empirical units of observation. In this endeavour, this book makes use of social sciences that have already studied and developed propositions about the factors conditioning retirement timing. In the case of the family component, for instance, researchers have already argued that divorce rates and care obligations condition labour force participation among older women (cf. Leime et al. 2017). In effect, this will be dealt with in the empirical analysis.

Moreover, most studies analysing the factors that condition retirement timing are cross-sectionally organized. In contrast, the aim of this book is to study how these factors change over time (i.e. from 2000 to 2018) and to analyse the extent to which changing practices of older workers constitute a transition from an early- to a late-exit age arrangement. However, the presumption is that such systemic changes occur as an outcome of what John Stuart Mill labelled ‘chemical causality’, referring to a combination of change-generating conditions. In the search for the combination of conditions producing systemic change, ‘pattern matching’ and ‘the comparative method’ will be employed. Pattern matching seeks to identify the degree to which theory and empirically observed patterns correspond (Campbell 1966; Marquart 1989; Almutairi et al. 2014), while the comparative method is a case-oriented approach that is concerned with how configurations (see Elias and Dunning 1966) or combinations of characteristics produce change (Ragin 1987).

A ‘truth table’ is an important device for analysing combinations of conditions conditioning outcomes. Here, variables (or units of observation or analysis) derived from theoretical propositions are plotted into a table with indications as to whether these variables are, for example, ‘present/absent’ or
‘high/low’ at the system or sub-system level. Hence, the truth table reveals how different units of observation fit together, allowing for the interpretation of configurations of change-generating conditions (Ragin 1987, p. 13). Table 1.3 is a simple, illustrative truth table.

Table 1.3 Illustrative truth table

<table>
<thead>
<tr>
<th>Conditions (observation units)</th>
<th>Systems or sub-systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

In Table 1.3, A, B, C and D represent observation units, 1 or 0 whether a given feature is present or absent, while X, Y, Z are outcomes. Read horizontally, the table indicates how different configurations of presence (1) and absence (0) combined constitute different social systems (X, Y, Z). If presence can be illustrated with a capital letter (e.g. A) and absence with a lower-case letter (e.g. a), the table claims that X is made up of the combined effect of ABCd, Y of ABcD, and Z of abCD. The advantage of this case-oriented approach over a more quantitative analysis is that the truth table can include a more or less unlimited number of variables.

On the basis of social sciences that have already developed propositions about the factors conditioning retirement timing, each chapter analysing the components of the social system will start by outlining the units of observation (e.g. A, B, C, D, cf. Table 1.2) in focus in the analysis.

5. CHOICE OF COUNTRIES, TIMEFRAME AND DATA

Three countries have been selected for in-depth studies – Denmark, Germany and the UK – all (then) EU countries that have moved from relatively low to relatively high older-worker employment rates over a two-decade timespan. To use the vocabulary of the World Bank, OECD and national governments, all three countries have been relatively ‘successful’ in the transition from early- to late-exit, and a major aim of this book is to identify cross-country similarities in the mechanisms contributing to keeping older workers labour-market active.

Some of the differences between the three countries will be discussed. Already in 2000, Denmark and the UK were among the EU countries with the highest employment rates for older workers, whereas Germany was among the countries with very low older-worker employment rates. Since 2000, however,
employment rates have increased in all three countries, and all three belonged to the group of countries with the highest employment rate among older workers in 2018, although the path to this achievement has been different for each. Between 2000 and 2018, the older-worker employment rates increased by 25% in Denmark, 30% in the UK and a whopping 92% in Germany (cf. Table 1.1), indicating that Denmark and the UK have been ‘early but slow movers’ – and Germany a ‘late but fast mover’.2

Another marked difference between the three countries is how they belong to three different welfare regimes. Denmark is usually characterized as social democratic, Germany as conservative and the UK as a liberal welfare regime, representing different types of state–market–civil society interaction (Esping-Andersen 1990). Using the systemic model on which this book is based as a point of departure (see Table 1.2), it is therefore reasonable to expect that instead of an identical linear logic, different types of continuities and discontinuities have been at play in the transition towards late-exit practices in the three countries.

The nation-state is the basic unit of analysis in this book, and the collected data are primarily national data describing the respective situations in Denmark, Germany and the UK. Different data types will be employed. Register data from national and international (EU and OECD) sources will be used. Moreover, survey data from national and international sources will be employed, as will documentary data and methods, given that national and international reports dealing with challenges and solutions to demographic ageing are used in the empirical analyses.

The timespan covers the years 2000–2018. The year 2000 was chosen as the starting point because the years around the turn of the century mark a take-off towards a late-exit age arrangement. In contrast, 2018 was chosen as the endpoint because it was the most recent year with available data when the study commenced. In accordance with international conventions, older adults are defined as persons aged 55–64. This is not without complications, however, given that, for example, subgroup characteristics may differ across age cohorts. The average 55-year-old should be healthier, \textit{ceteris paribus}, than the average 64-year-old.

6. STRUCTURE OF THE BOOK

The book is organized such that each of the following chapters covers a specific component of the age arrangement; that is, the chapters cover changing ideals and discourses (Chapter 2), changing welfare state policies (Chapter 3), changing labour markets (Chapter 4), and changing family forms (Chapter 5), as well as changing characteristics of the 55–64 subgroup (Chapter 6).
Based on existing theories and hypotheses, each chapter will start by outlining the observation units to be analysed. These observation units will be analysed empirically, and chapters will be completed with a conclusion based on a truth table. Chapter 7, the final chapter, will discuss how the different components interact and intersect with the changing employment rates of older workers.

The concluding chapter also includes a discussion about the transferability of the northern European experience. Using the theoretical model as a frame of reference, the French case will briefly be examined, and suggestion will be made as to under what conditions and why a relatively moderate pension reform (as compared to the Danish experience) was considered in early 2023 to be socially unsustainable and gave rise to huge social conflicts.

NOTES

1. As a parallel example, Foucault (1977) has identified an architectural homology when he asks rhetorically: ‘is it surprising that prisons resemble factories, schools, barracks, hospitals, which all resemble prisons’ (p. 228).

2. The ‘early-’ and ‘late-mover’ terms are inspired by Naegele and Bauknecht (2017), although they are used differently in this book than they envisaged. Naegele and Bauknecht argue that the two terms refer to ‘output’, epitomized as public policies, whereas in this book the terms refer to the practices of older workers.
2. Discursive change from ‘early’ towards ‘late’ exit/retirement

Per H. Jensen with contributions from Moritz Hess, Daniel Holman, Gerhard Naegele and Alan Walker

1. INTRODUCTION

This chapter analyses how the rapidly increasing employment rates among older workers in Denmark, Germany and the UK in the years 2000 to 2018 intersect with changes in how we think and talk about how and when working life should end. The main argument presented in the chapter is that the meaning and perception of age, ageing and retirement have changed dramatically since the 1990s, epitomized as an ideational shift from ‘early’ to ‘late’ exit/retirement. Early exit/retirement as a phenomenon was fostered in the context of the early-exit age arrangement in the 1970s, whereas ideas about late-exit came to the fore as part of the formation of the late-exit age arrangement in the late 1990s. Hence, this chapter discusses the ideational and discursive change from an early- to a late-exit age culture. The so-called I-D-I model (cf. Andersen 1995; Kjær and Pedersen 2001; Pedersen 2011) will be employed in this undertaking, referring to an analytical sequence between Ideals, Discourses and Institutions. I-D-I is based on the presumption that (1) changing ideals are a source of change, (2) that discourses comprise the representation of ideals and (3) that discourses are institutionalized as schemes of perceptions (or cultural orientations; Pfau-Effinger 2005a) structuring dispositions and (regularizing) practices.

During the economic recession beginning in the mid-1970s, restoring economic imbalances became a key goal of authoritative actors. Subscribing to Keynesian regulatory instruments, they focused on combatting unemployment and its social consequences (Schmid and Reissert 1991). In a situation with rising unemployment affecting older workers in particular and seriously limiting the employment opportunities of the large cohorts of younger people reaching working age, removing older workers from the labour market...
Discursive change from ‘early’ towards ‘late’ exit/retirement

by creating and encouraging early retirement opportunities became a new policy instrument. Since early retirement allowed for a redistribution of work and work opportunities for younger generations, early exit/retirement was increasingly presented and seen as beneficial to society. Even older workers themselves internalized the new early-exit ideals. For instance, a Danish study conducted in the mid-1990s revealed that 31% of all early retirees reported having left the market for solidaristic or altruistic reasons; that is, they had exited for the sake of younger generations (Nørregaard 1996).

During the 1990s, however, new ideals concerning work and retirement emerged in tandem with upcoming neo-liberal ideas (e.g. Macnicol 2015; Leime et al. 2017). These ideals were further fuelled by alarmistic predictions about the so-called ‘pension time bomb’ (e.g. Taverne 1995), which described the welfare state and pension systems as economically unsustainable, arguing that the economy as a whole would suffer from a shortage of labour in the future. The securing of long-term sustainability required a new equilibrium based on the premise that people delay retirement and work longer. This triggered a shift in beliefs about the ideal role of work and active employment, causing the transition from early- to late-exit as the dominant ideal. In time, these new economic ideals (a new doxa) redefined the boundaries between what is true and false and marked a transition from demand-side-oriented Keynesianism to supply-side economics (e.g. Matzner and Streeck 1991) together with the construction of (older) citizens as rational and utility-maximizing actors who are responsible for their own lives (cf. Born and Jensen 2005; Jensen and Pfau-Effinger 2005).

This transition was accompanied by an explosion in discourses containing representations or the verbalization of the assumptions and values embedded in the new late-exit ideal (Bacchi 2009; Bacchi and Goodwin 2016; Taylor and Earl 2016). However, the same ideal can and has been discoursed and represented in different (sometimes competing) ways that carry different implications. Discourses on demographic challenges have constructed early-retirement schemes as disincentives to work and a source of welfare dependency and individual moral failures, pointing towards welfare state retrenchment as a solution. Inactivity among older workers has also been discoursed as inabilities due to poor health, leading to calls to improve working conditions. Prominent discourses have argued that older workers are victims of ageist attitudes and discriminatory practices by employers, pointing to the need for anti-age discrimination legislation. Despite these discursive differences, however, the ideal of prolonging working life is what gives all representations their meaning and coherence. This is because an ideal functions as a self-explanatory reference point in a specific institutional and cultural context (Andersen 1995). In effect, the cluster of discourses surrounding the ideal can be understood as ‘contingent regulated practices’ (Foucault 1977), meaning that the ideal about
extending working life functions as a history-specific rationality or *dispositive* (ibid.). The apparent rationality is a demarcation of what can be thought and said at a given point in time. Actors arguing for early exit/retirement in the context of a late-exit age arrangement, where wage work is the norm for most social groups, can thus be neglected and considered irrelevant.

Discourses are narratives or socially produced knowledge often carrying dichotomies (e.g. inside/outside, responsible/irresponsible, young/old, them/us, public/private etc.), which form a language privileging what it is possible to think, what can be said by whom, when and where (Foucault 1981), as well as what we can and cannot do (Burr 2015; Bacchi and Goodwin 2016; Phelan 2018). In this sense, discourses frame how we can live our lives and they construct individual and collective identities (Fairclough 2003; Pedersen 2011), meaning that discourses are *institutionalized* as schemes of perception structuring the ‘conduct of the self’.

Ideals and discourses concerning demographic ageing dawned on the international scene and trickled down to the national level (Leime and Loretto 2017). Hence, using the I-D-I model as a frame of reference, discourses redefining the ‘truth’ and norms for appropriate behaviour will be analysed at the international level as well as in Denmark, Germany and the UK. To this end, the analysis will focus on how ‘change agents’ in authoritative positions in speech, writings, reports and so on have verbalized the new social order of late exit/retirement. As authoritative and powerful change agents, post-Foucault followers like Kjær and Pedersen (2001) and Pedersen (2005, 2006) have drawn a distinction between policy organizations, campaign organizations and discourse organizations.

*Policy organizations* identify socio-economic problems and relate them to particular policies (e.g. in the area of ‘old age’), justifying that changes are needed. They work to formulate general guidelines for their resolution in the form of hard or soft law. Soft-law initiatives may be communicated in the form of codes of good conduct, benchmarking and the collection, analysis and dissemination of best practices. At the national level, public commissions are prototypical examples of a policy organization, whereas the EU agency Eurofound may be considered an international policy organization.

*Campaign organizations* communicate perceived imbalances in the economic or social structure to the broader public to thrust particular socio-economic problems on the political agenda; that is, campaign organizations are engaged in persuasion processes aimed at preparing the ground for the popular willingness to accept reforms (e.g. pension, retirement reforms). Economic Advisory Councils are national, and the OECD and World Bank are international examples of campaign organizations.

*Discourse organizations* create a new theoretical and empirical language to handle and negotiate new socio-economic problems. A new language anchored
Discursive change from 'early' towards 'late' exit/retirement facilitates negotiations among social partners and helps to resolve disputes. Analytical units in the Ministry of Finance and universities are national discourse organizations, while cross-country collaboration between universities (e.g. orchestrated by the EU Horizon programme or the Joint Programming Initiative More Years, Better Lives (JPI MYBL)) may be considered international discourse organizations.

Before embarking on a discourse analysis\(^1\) analysing the documents, reports and blueprints published by international as well as Danish, German and British policy, campaign and discourse organizations, we will briefly outline the intersection of new ideals and discourses with new forms of steering and regulation.

1.1 New Forms of Steering and Regulation

As compared to (coercive) ‘hard’ law (discussed later in this book), ‘soft’ law has gained importance as a steering mechanism due to increasing complexity and reflexivity, sometimes summed up as a transition from de-commodification to communication as a steering mechanism. Discourses or information flows emanating from policy, campaign and discourse organizations are becoming a key productive resource in contemporary societies, as communication can get people to do what they otherwise neither could nor would have done (Bang 2004). Discourses and communication therefore sometimes initiate self- and co-government processes; that is, allow people to make things happen rather than making things happen to them (Giddens 1994).

Discursively, communication flows are anchored in visions of a new welfare architecture and an outline for what must be done. When communicative efforts are structured by an idea regarding the urgency of prolonging working lives, two types of communication flows can be observed.

The first type of communication targets rational actors by filling a knowledge gap (among rational actors) with information. This could be information emphasizing how the different components of ageism – the cognitive, affective and behavioural components (cf. Bal et al. 2011; Solem 2016, 2022; Ayalon and Tesch-Römer 2018) – are wrong and based on prejudices. To the contrary, given that older workers are committed, stable and productive, the message is that ‘grey is beautiful’, and this type of information is expected to make ‘fully informed’ rational actors (e.g. employers, colleagues) change their attitudes and behaviour towards older workers.

The second type of communication is conceptualized as culture governance, where authorities target or connect with self-reflexive individuals and groups in a non-bureaucratic manner (Bang 2004) via a blueprint for how a new welfare architecture may appear and ought to take effect in society. This may be communicated in the form of codes of good conduct, targets, benchmarking
and the collection, analysis and dissemination of best practices (Drury 2001). Here, the good example is presented as something worth emulating. However, best practices only exist because someone has already constructed them; that is, culture governance draws on already-existing experiences. Attempt is then made at disseminating these experiences to others, making them ‘trendy’ and allowing self-reflexive actors to connect to and adapt these experiences, thereby involving them in problem-solving. The collection and spreading of best practices in relation to, for example, age management is a clear example of culture governance.

A discourse analysis will be conducted in the following. International discourses will be surveyed, followed by an analysis of national discourses in the three countries under investigation in this book. Towards this end, we have studied documents produced by international and national policy, campaign and discourse organizations. The documents selected are those we have found to be comparable and of particular importance for discourses regarding age and retirement ideals. In addition, we show how the construction of new ideals is associated with new types of steering (culture and information steering) at the international and national levels.

2. AGEING DISCOURSES ON THE INTERNATIONAL SCENE

In most industrialized societies, the modern welfare state matured in the post-World War II era (Flora and Heidenheimer 1990; Esping-Andersen 1990). In the area of ‘old age’, the right to retirement was consolidated as state pension ages declined and pension generosity increased in most countries. Simultaneously, disengagement theory emerged, which was the first comprehensive sociological theory of ageing (Cumming and Henry 1961). Here, the basic idea was that older adults disengage from social life in response to their impending death. This disengagement or retreat from formal roles was seen as societally beneficial. Knowledge and skills were held to deteriorate with age, which is incompatible with the demands and imperatives in industrial societies.

Inactivity among older adults was further emphasized in the mid-1970s in the wake of the first oil crises and large structural transformations in the coal, steel and glass industries. Early-retirement schemes mushroomed in most countries, and these schemes were considered beneficial for society in the face of massive unemployment. Early-retirement schemes were viewed as an unemployment-combatting (and de-commodifying) instrument and as a means to reallocate work from older to younger generations, given that younger workers in particular were suffering from enduring levels of unemployment. These approaches, based on the ‘lump of labour fallacy’ hypothesis, resulted
Discursive change from ‘early’ towards ‘late’ exit/retirement in a decline in labour force participation among older workers beginning in the late 1970s.

In the late 1980s, however, a paradigm shift began. High unemployment and economic stagnation were discursively attributed to market rigidity, excessive regulation and generous welfare policies (high taxes and high public expenditures), also known as ‘Eurosclerosis’. Generous welfare benefits were increasingly perceived as disincentivizing work. Moreover, a new ‘underclass hypothesis’ emerged, arguing that poverty and welfare dependency is an outcome of individual moral failures, calling for the policing of the workshy (cf. Bryson and Jacobs 1992). This paradigmatic shift was driven by the emergence of new discourses propagating a neo-liberal turn (Macnicol 2015), which were especially promoted by the Thatcher and Reagan administrations as well as the IMF, World Bank and OECD. The neo-liberal strategy involved cuts to government spending and taxes, deregulation, privatization and the activation of welfare recipients, which represented a change in how state–society interactions should ideally be orchestrated (Jessop et al. 1988; Pierson 1994; Torfing 1999).

In the 1990s, in continuation of the neo-liberal turn, some leading international campaign organizations staffed by supply-side economists (e.g. the World Bank, OECD) articulated the challenges presented by demographic ageing. Together, they pointed to the so-called age/employment paradox (cf. Walker 2005, 2006), referring to how people were retiring younger but living longer. As of the mid-1990s, these organizations were preparing the ground for new (competing) discourses that mirrored different problem definitions (Vickerstaff 2010), but all of which praised the ideal of shifting from early- to late-exit. One type of communication stressed how pension systems were economically unsustainable, calling for profound changes in the pension contribution/benefit formulas. Another type of communication was preoccupied with future labour shortages, which gave rise to discussion of the rights and duties (or an ‘unavoidable obligation’; Reday-Mulvey 2005, p. 195) of older workers to work longer. This ‘duty’ of older workers was to be secured by means of measures restricting early exit/retirement opportunities and by raising state pension ages. The other side of the coin concerned (1) the maintenance of employability (older workers were suffering from lost citizenship due to poor health and ageist attitudes) and that (2) longer working lives required changes to employers’ hiring and retention strategies.

The World Bank published *Averting the Old Age Crisis* in 1994, a monument in the discursive shift from early- to late-exit. The book claimed the existence of an ‘old-age crisis’ and that tax-financed public pension systems are aggravating it. Not least because tax-based systems, it is argued, are frequently marked by perverse distributional outcomes (World Bank 1994, p. xiii) that hinder economic growth. A multi-pillar system is supposedly more advantageous
Rapidly increasing retirement ages

from a financial point of view. A multi-pillar system ideally consists of a combination of a public, tax-financed first pillar, a privately managed second pillar of mandatory insurance (ideally occupation-based on defined-contribution) and a third pillar of voluntary savings. Not only is such emphasis on private pension schemes expected to increase financial sustainability, but a privately managed occupational pension system is also likely to increase the labour supply of older workers. It is thus argued that tax or pay-as-you-go financing leads to labour-supply distortions (World Bank 1994, p. 92). This argument is based on the premise that pensions first become adequate at a later point in time in a fully funded, defined-contribution system than in a tax-financed, pay-as-you-go system, whereby older workers are forced to postpone retirement as they presumably will be unable to afford early retirement in a pension system with a dominant pillar of fully funded occupational pensions.

Campaigns supporting the prolongation of working life were intensified in the late 1990s and early 2000s. The OECD (e.g. 1998, 2006) and OECD-sponsored economists (e.g. Blöndal and Scarpetta 1999) published a lengthy series of reports arguing the necessity of increasing the labour supply by raising state pension ages and abolishing early retirement; not only as a precondition for the financial sustainability of pensions, but primarily to compensate for a perceived future labour shortage. In the OECD articulation of ‘late exit’, older workers and retirees are constructed as rational actors primarily responding to financial incentives. Basically, (early) retirement is perceived as ‘rational, free choice’ or fully informed, premeditated response to the financial incentives (economic utility) built into the early retirement and state pension schemes. The OECD thus argued that ‘individuals’ decisions about work and retirement depend on the financial incentives embedded in retirement-income systems (OECD 2011a, p. 49). According to this type of reasoning, it is possible to persuade older workers to change their behaviour by changing the incentive structure (replacement rates) of social security systems.

Although the EU and other international organizations initially disagreed with the OECD, the EU followed the tracks laid down by the World Bank and OECD around 2000. The EU first addressed the need for a policy shift to late-exit in the 1999 Employment Strategy and the 1999 communication, ‘Towards a Europe for all ages’ (Commission of the European Communities 1999). This was followed up in Laeken in December 2001 and in Barcelona in March 2002. The Laeken Declaration established 11 common objectives (i.e. benchmark-steering) for a European strategy for adequate, sustainable and adaptable pensions, which was confirmed in Barcelona (von Nordheim 2004). Subsequently, pension reforms swept over Europe in the late 1990s, and with renewed strength after the 2008 crisis. Parts of pension systems have been privatized, early-exit more or less abolished, and state pension ages have been raised. Pension systems have thus been substantially modified, and pension
Discursive change from ‘early’ towards ‘late’ exit/retirement

ages have been indexed to changes in life expectancy in several EU countries, including Denmark (Immergut et al. 2007; Palier 2010; Ebbinghaus 2011; Bäcker et al. 2020; see Chapter 3 in this book). Nonetheless, the World Bank (Schwarz and Arias 2014) and EU (Carone et al. 2016) have recently argued that pension and early-retirement reforms have been insufficient thus far, calling on politicians in Western democracies to extend working life further, thereby emphasizing ‘limitless work’ as a new, emerging ideal.

In the EU, ambitions regarding a (much) longer working life were spelled out clearly, and employment goals (or benchmarks) were established for older-worker employment. Agreements were reached in 2001 and 2002 in Stockholm and Barcelona, respectively, to increase the employment rate for workers aged 55‒64 to 50% and to increase the average exit age by five years by 2010, while the Europe 2020 strategy (adopted in 2010) communicated a target of increasing the employment rate of the 20–64 population to at least 75% by 2020. Still, the EU rhetoric differed slightly from how the World Bank and OECD articulated the ageing workforce question: the EU emphasized the employability and work ability issues and that older-worker employment depended on both demand and supply conditions. For instance, these new ideals materialized in 1999 and 2002 in the concept of ‘active ageing’ (e.g. Council of the European Union 2002). According to Taylor and Earl (2016, p. 254), it is hardly a coincidence that notions of active ageing emerged in a union of countries emphasizing – wherever possible – continued labour force participation.

The World Health Organization (WHO) originally developed the active ageing concept in the late 1990s. In contrast to the disengagement theory, WHO (2002, p. 12) emphasized that activity promotes healthy ageing and defined active ageing as a process ‘of optimising opportunities for health, participation and security in order to enhance quality of life as people age’. As can be seen, active ageing refers to activities beyond participation in the labour market; that is, also beyond the late-exit concept. WHO (2002, p. 12) thus emphasizes how the ‘word “active” refers to continuing participation in social, economic, cultural, spiritual and civic affairs, not just the ability to be physically active or to participate in the labour force’, meaning that active ageing was considered an important economic as well as non-economic potential for the contribution made by older people in the creation and safeguarding of intergenerational solidarity in a society with a growing risk of intergenerational conflicts (Walker and Zaidi 2016).

The ideals concerning active ageing developed by WHO diffused to the EU, where it was firmly established as a central concept in the late 1990s/early 2000s (e.g. European Commission 2002). As argued by Foster and Walker (2015), however, the EU policy discourses on active ageing have comprised two contrasting models. In the late 1990s and early 2000s, the EU concept of
active ageing was marked by prioritizing the extension of working life with the purpose of enhancing economic growth (cf., for instance, the EU employment targets mentioned above), while the EU broadened the meaning of active ageing around 2010. When the Commission proposed designating 2012 as the European Year for Active Ageing, the aim was not only to help older workers to stay in the workforce but also to secure that older people were allowed to play an active role in society and live as healthy, independent and fulfilling lives as possible (Council Decision 2011/412/CFSP of 12 July 2011). In this sense, active ageing became an umbrella concept encompassing various paid and unpaid activities, resembling late-exit culture ideals in the context of late-exit age arrangements. This trend was further confirmed when the European Commission (DG Employment, Social Affairs and Inclusion) sponsored the construction of an active ageing index (UNECE/European Commission 2015) consisting of four domains: paid employment, participation in society, healthy and secure living, and the capability to age actively. This index functions as culture- or benchmark-steering, given that the index measures the untapped potential of older people for active ageing in EU member states.

Nevertheless, the EU approach to active ageing has been criticized for being dominated by a narrow economic or ‘productivist’ approach that prioritizes a longer working life with the aim of reducing the economic burdens of population ageing (e.g. Foster and Walker 2015, 2021; Walker 2018). At the individual level, the EU version of active ageing has also been criticized for being preconditioned by health, education, having good finances and so on, meaning that a Matthew effect of accumulated advantage is at play as a *sine qua non* for active ageing practices (Jensen and Skjøtt-Larsen 2021). Along the same line of argument, discourse organizations have argued that early retirement is an outcome of exclusionary processes. The claim is that older workers themselves want to extend their working lives, but various push factors prevent them from doing so, leading to marginalization and lost citizenship (Phillipson and Smith 2005, pp. 22–27; Vickerstaff 2010, p. 871; Jensen et al. 2020a). These push factors are often seen as an outcome of hiring, retention and lay-off practices being anchored in ageist stereotypes and entrenched notions of chronological age among employers and personnel managers (Phelan 2018).

It therefore goes without saying that prolonging the working lives of older workers is conditioned by employer willingness to hire and/or retain older workers (Ilmarinen 2005). Accordingly, discourses about early exit/retirement beyond individual control (van Dalen et al. 2006) have emphasized that employment conditions and employment opportunities are demand-side determined. Analysing the managerial prerequisites for longer working lives has been a central theme in the work of discourse organizations such as the Horizon-funded Mopact Project and in policy organizations (e.g. Eurofound in Dublin). In the late 1990s, Eurofound began publishing results from the
European Working Conditions Survey, which assesses working conditions in Europe to identify the physical and psychosocial risk factors and to contribute to the improvement of the quality of work across Europe. Eurofound has also focused on management practices as a barrier to extend working lives. In the late 1990s and early 2000s, for instance, Eurofound sponsored several projects designed to identify and diffuse cases of ‘good practices’ (Walker and Taylor 1998; Walker 1999; Naegele and Walker 2006) helping to change employer attitudes and practices. The basic idea and expectation behind the collection of a portfolio of good management practices is that employers can be persuaded to apply such good practices as an outcome of culture-steering, as in the form of awareness campaigns.

In the 1990s and 2000s, the OECD viewed early exit/retirement primarily as a voluntary, employee-driven response to the financial incentives embedded in pension schemes. Over the years, however, the perspective of this campaign organization has changed rather markedly, becoming far more nuanced in terms of how to reach the ideal of prolonging working life. An OECD (2020a) publication entitled Promoting an Age-Inclusive Workforce offers a case in point. Here, the OECD calls for a holistic approach that includes, for instance, unbiased recruitment and line manager training.

3. AGEING DISCOURSES IN DENMARK

As of the mid-1970s, at least two discourses helped to foster an early-retirement culture in Denmark. The first, communicated by trade unions, was concerned with distributive justice over the life course. It was thus argued that many low-skilled, worn-out labourers with a long working life behind them had contributed to the tax-financed universal pension scheme from which they did not benefit, as many died before or shortly after reaching the state pension age. An early-retirement scheme would allow these workers to enjoy a brief, well-deserved period of retirement (Petersen 2011; Jensen and von Nordheim 2020). Another discourse argued that early retirement would help to solve concerns regarding high unemployment; the hope being that the job openings created when the seniors retired would be filled by unemployed young people, whereby employers would also be able to rejuvenate their workforce free of charge. In the aftermath of these discourses, early retirement options with very soft eligibility criteria were introduced in the late 1970s, and between 1976 and 2000 the employment rate among the 55–64 demographic fell from 62% to 56%.

The introduction of an early-retirement scheme in 1979 and the introduction of very soft eligibility criteria for the disability pension scheme for those over age 50 were strongly rooted in a Keynesian understanding of the economy. However, a discursive shift occurred in the course of the late 1980s/early
1990s in parallel to the introduction of a discourse about the impending demographic challenge. A White Paper from the Ministry of Labour (1989), a discourse organization, and reports from policy organizations such as the Zeuthen Commission in 1992 (Arbejdsministeriet 1989; Zeuthen-Udvalget 1992) represent monuments that clearly mark the beginning of a shift from Keynesian demand-side to a supply-side economics. In relation to the demographic challenges, however, the Ministry of Finance pumped the brakes in the mid-1990s, downplaying the challenges from demographic ageing. The demographic horror stories were rejected, and the Ministry of Finance pointed out how the demographic challenges could be financed if public debt was phased out, if unemployment fell to 4–5%, if productivity was increased and so on (Finansministeriet 1995).

In the autumn of 1998, the Economic Advisory Council (DØR 1998) published a report that thoroughly analysed the effects of the increasing percentage of seniors in society. This publication pointed out how the increasing number of seniors would inflate the public spending on cash benefits (e.g. tax-financed public pensions) and services (e.g. nursing homes, homecare, hospitals). Denmark had already established a multi-pillar pension scheme largely corresponding to the recommendations issued by the World Bank in 1994 (see Chapter 3 in this book). Similarly, on that background, the Economic Advisory Council pointed out how state income would increase in the future; both from tax revenue from mandatory occupational pensions and from individual pension savings schemes (in Denmark, these pensions are taxed when payments are made, whereas pension contributions are deductible – a mechanism often referred to as deferred taxation). However, the overall calculation revealed that the increasing revenues would not meet the rising costs, which would necessitate tax increases (which the report deemed undesirable). As part of these calculations, the Economic Advisory Council also pointed out that early-exit, which would result in production losses, reinforced the negative economic consequences of the demographic development. The Council therefore recommended the introduction of significant restrictions in access to (voluntary) early retirement. These recommendations materialized in an early-retirement reform in 1998, which came into effect on 1 January 1999 and marked a shift towards late-exit.

Parallel to this, the government decided to set up a so-called Senior-Policy Committee in 1997. The committee consisted of the social partners, and was intended to function for a two-year period. It was aimed at inspiring and advising the Ministry of Labour about how to improve the situation of older wage earners in the labour market and to promote the exchange of experience and the dissemination of information about good age management between the relevant actors in the area. Of these initiatives, the most important have been various forms of awareness campaigns that took the form of local and national
Discursive change from ‘early’ towards ‘late’ exit/retirement

conferences targeting ‘laggards’ in age management (Arbejdsministeriet 1999). An age management ‘toolbox’ was developed, and the Senior-Policy Committee established a consultancy providing five hours of free consultancy advice to companies interested in developing better age management. One of the more impressive projects supported by the committee was a supermarket chain that staffed one of its outlets solely with people over age 45. This project received extensive media coverage in Denmark and abroad. Apparently, the public was surprised that persons of that age were able to run a supermarket outlet on their own.

When the Senior-Policy Committee was terminated, several of the activities were transferred to the Danish Labour Market Agency (Arbejdsmarkedsstyrelsen), which in the 2000s had increased its focus on policy pertaining to older members of the workforce, including campaigns entitled ‘A couple of years will make a difference’ and ‘senior practice’, which were organized on websites and in booklets as well as advertisements in newspapers, magazines and so on. In these campaigns a more age-diverse workforce was encouraged, and older workers were portrayed as ‘grey gold’. Information campaigns and actions thus aimed to raise awareness regarding the qualities and virtues of older workers (OECD 2015a, 2018a). Campaigns organized by the Ministry of Employment emphasized how older workers have fewer sick days, have considerable experience, a greater sense of quality, and are as industrious as younger workers. Moreover, these information campaigns were topped up by culture-steering in that codes of good conduct and best practices examples were collected and disseminated on the website.

However, these demand-side initiatives were soon supplanted by supply-side thinking. Already in 2002, the Economic Advisory Council (DØR 2002) published a report acknowledging that the early-retirement reform in 1998 had a positive impact on older-worker labour market participation. Still, the main message of the 2002 report was as follows: ‘People of working age with the full capacity to work should not, as a rule, be eligible for social welfare payments’ (p. 302). Changes to the disability pension system were therefore suggested (implemented in 2003), and the early-retirement scheme was proposed to be abolished entirely. The OECD (2005a) supported this recommendation in its annual ‘Economic Survey of Denmark’, inasmuch as further restrictions on access to early retirement would be necessary to secure future labour supply.

The government followed up on these recommendations in 2004, establishing the so-called Welfare Commission, a policy organization primarily staffed by supply-side economists. The commission was charged with investigating the possibilities to increase employment and to reform the welfare system. On the background of analyses of major welfare areas, the Welfare Commission presented 43 specific proposals for how the welfare state ideally should be reformed. In a late-exit perspective, proposals 5 and 6 suggested linking
Rapidly increasing retirement ages

pension age to life expectancy and phasing out the early-retirement scheme (Velfærdskommissionen 2005).

Once the Welfare Commission had been established, the Danish Social Policy Association (Socialpolitisk Forening) initiated a counter discourse, which included the creation of the Alternative Welfare Commission (Alternative Velfærdskommission), primarily consisting of psychologists, sociologists, political scientists and Keynesian economists. The Alternative Welfare Commission published a book in which they criticized the academic quality of the Welfare Commission analysis (Jensen et al. 2005). This initiative was neglected in the public debate, as the messages from the Alternative Welfare Commission did not correspond to the prevailing ideals. Moreover, the media refrained from assuming the role as watchdog or representative of civil society, becoming instead a new policy actor (cf. e.g. Cook 1998) and mocking politicians for not daring to carry out the necessary reforms. This led to a major welfare reform in 2006, which included the raising and indexation of the state pension age and extensive reform of the early-retirement scheme in a late-exit direction.9

The ink had hardly dried before a new commission was established in 2007, the Labour Market Commission (Arbejdsmarkedskommissionen), which was again filled with supply-oriented economists. The Labour Market Commission’s analyses, reasoning and recommendations – including a suggestion to abolish the early-retirement scheme – were strikingly reminiscent of the analyses previously carried out by the Welfare Commission (several persons participated in both commissions). In the final report, published in 2009, the Labour Market Commission concluded that the sustainability of public finances would require older workers to extend their working lives (Arbejdsmarkedskommissionen 2009). While the Labour Market Commission recommendations did not lead to immediate political action, Prime Minister Lars Løkke Rasmussen announced in his traditional New Year’s speech on 1 January 2011 that a so-called Withdrawal Reform (Tilbagetrækningsreform) would be carried out. As an echo of the Economic Advisory Council’s 2002 report, the message here was that we cannot afford to ‘pay healthy people to leave the labour market’. This phrase was used in a government document (Regeringen 2011) published shortly after the speech and applied by politicians in the years to come.

The Economic Advisory Council (DØR 2011) provided further support, recommending that the implementation of the 2006 reform be accelerated given that the 2006 reform would first be phased in in 2019. Already in May of that year, the PM’s proposed Withdrawal Reform was confirmed by a parliamentary majority. In effect, the pension system and early-retirement scheme were both further revised to support late-exit. Similarly, as the Economic Advisory Council suggested, the 2006 reform was pushed forward, meaning that both
Discursive change from ‘early’ towards ‘late’ exit/retirement

the 2006 and 2011 reforms were phased in as of 2014 (as opposed to 2019, as originally planned). Subsequently, the disability pension was similarly reformed in 2013, meaning that permanent disability pensions would no longer be awarded to persons younger than 40, and those 40+ would have to undergo extensive work-testing before a claim would be considered.

Late-exit ideals were pushed further in the mid/late-2010s as a series of policy organizations was established. For instance, in 2018 a ‘Senior Think Tank’ was tasked with providing recommendations for how more seniors could re-enter the labour market (Seniortænketanken 2019). However, an ideational change may lie ahead. A Pension Commission formed in 2020 has suggested a softening of the state pension age indexation, as the state pension age in 2050 is expected to reach age 72 (Kommissionen om tilbagetrækning og nedslidning 2022). Voices in the public debate have furthermore emphasized how massive life-expectancy inequalities remain; an unskilled 30-year-old male can expect to live to age 76.1, whereas a highly educated male can expect to live until 83.7 (Pedersen and Damm 2019); that is, an almost 8-year difference, which challenges the idea that the late-exit discourse can apply equally to all.

4. AGEING DISCOURSES IN GERMANY

Germany experienced dramatic economic growth after World War II, often characterized as a Wirtschaftswunder, resulting in high demand for labour (Hess 2016). German employment rates grew rapidly in the 1950s, which called for the enrolment of older workers in the labour market, also due to the lack of mainly middle-aged men (war victims). In the 1970s, however, the oil crisis and increasing competition from Asia – in particular Japan – put pressure on important German export-oriented production sectors (Buchholz 2006). Employers reacted to economic constraints by laying off workers to cut costs, and a new ideal concerning work and retirement emerged: early-exit.

Within a Keynesian framework, policymakers introduced several early retirement options (see Chapter 3) allowing older workers to exit well before the official retirement ages (Naegle 1992), and the utility of retiring early was relatively high. Early retirement led to marginal pension deductions (Ebbinghaus 2006), and it was very often gold-plated by additional ‘severance payments’ coming either from early-retirement pathway schemes or financed by companies (Naegle 1992). The early-exit ideal was consolidated well into the 1990s, when older workers continuously were considered a labour market policy ‘manoeuvring mass’ (Bundesministerium für Familie, Senioren, Frauen und Jugend 2010).

From a workplace perspective, the early retirement of older employees was comparatively inexpensive and a smoothing measure regarding staff reductions, since the costs of company adjustment strategies could generally
be externalized; that is, shifted to the pension and unemployment insurance schemes (so-called 59er regulation) as well as to the disability pension scheme, supporting the restructuring and rejuvenation of the workforce (Naegele 1992). The so-called ‘de-occupation of old age’ (Bäcker et al. 2020) had been a company policy practised for decades, made possible by an interplay between company spin-off strategies with state spin-off incentives. The ‘grand coalition for early retirement’ included employees, trade unions, works councils, employers, labour administration and the welfare state (Naegele 1992). Consequently, older workers retired earlier and earlier, and the actual retirement age (and older workers’ employment rates) fell rapidly beginning in the 1970s. This evolved into an early-exit age culture (in German: Kultur der Frühverrentung) in which retirement before the state pension age was the rule, while retirement at the state pension age or even later was the exception (Naegele and Krämer 2001). Old age was seen as a phase of the life course that was less associated with work and more with a disengagement from the labour market, representing an incarnation of the early-exit age arrangement.

Not surprisingly, older workers tended to internalize the ideals of early exit/retirement and made use of the financially lucrative offers (golden handshakes) (Hofäcker et al. 2015), leaving the labour market on a large scale at comparably young ages. In the minds of the vast majority, early retirement had developed into a social citizen right: early retirement was seen as a kind of earned entitlement rewarding years of hard labour.

Beginning in the late 1980s/early 1990s, however, the early-exit credo was challenged. It was thus argued that early exit/retirement might jeopardize the long-term financial sustainability of the German public pension system (Gesetzliche Rentenversicherung), particularly because it is based on the pay-as-you-go principle and is the most widely used pension scheme, covering more than 80% of the active workforce. These concerns were temporarily postponed in view of the consequences of the fall of the Berlin Wall and German reunification in 1990 (Ebbinghaus 2006). Germany now faced the challenge of combining two societies and economies, which might well share a joint history and speak the same language, but had also been separated politically, culturally and economically for almost 40 years. To mitigate the raging unemployment rates in the former German Democratic Republic (East Germany) in the wake of the adaptation of the East German labour markets to the economic transformation processes, the early-exit tool was rediscovered (Vorruhestand) and once again used extensively. Mainly older Eastern German men who became unemployed were eligible for the Altersübergangsgeld (literal translation: old-age transition money) and were allowed to exit the labour market at age 55. This can be seen as the climax of the early-exit age culture in Germany (Naegele 1992; Hess 2016), assessed by many as ‘generational solidarity’, where the exit of older workers gave younger jobseekers a better chance.
However, the years immediately around the turn of the millennium can be seen as the starting point of a change in ideals and discourses about age and retirement. The ideal of working longer became predominant and remained a credo in German policy, campaign and discourse organizations.

Already by the mid-1990s, the pressure on the economy and labour market increased as economic growth slowed and unemployment rates began rising throughout Germany. In the international press and media, Germany was pinpointed as a prototypical example of the Eurosclerosis phenomenon, which necessitated a neo-liberal turn and supply-side approach to macro-economic steering. Moreover, within Germany the situation was perceived as problematic, and demographic ageing was verbalized as a challenge by campaign organizations such as the Economic Expert Commission, which had been campaigning since the early 1990s to extend working lives, and concepts such as Überalterung (literal translation: over-ageing) surfaced. It was used by many politicians and linked to the idea that older generations are living at the expense of future generations.

The question of demographic ageing was further highlighted in the early 2000s (Bäcker et al. 2020), as various campaign organizations took up the late-exit ideal in discourses. First, in 2002, the Enquête-Kommission ‘Demographischer Wandel – Herausforderungen unserer älter werdenden Gesellschaft an den Einzelnen und die Politik’ (in English: Demographic Change Challenges of our Ageing Society for the Individual and Policymakers) reported that demographic ageing will lead to labour shortages and a general ageing of the workforce. Second, the commission for the long-term financial sustainability of the social security systems (Kommission für die Nachhaltigkeit in der Finanzierung der sozialen Sicherungssysteme), established in 2002, was preoccupied with the financial sustainability of the pension system. These policy organizations recommended pension and early-retirement reforms in order to realize the new ideal of working longer (Brussig 2009). More specifically, recommendations were made to raise the state pension age from 65 to 67, to rebalance contribution and benefits in the pension system, to reduce early retirement opportunities and to add a private pension scheme to the existing pension system (cf. Bundesministerium für Familie, Senioren, Frauen und Jugend 2010). These recommendations were translated into reforms that raised the state pension age, reduced opportunities for early retirement, and reduced unemployment benefits (see Chapter 3 in this book).

At the same time, however, numerous critics with ties to discourse organizations began warning against merely relying on legal changes without taking the operational level into account when implementing these plans (Leve et al. 2009). In other words: the policy instruments initially used to achieve the late-exit ideal only addressed the labour supply, neglecting to some extent the actual employment opportunities available to older workers. Financial ‘incen-
Rapidly increasing retirement ages

tives’ or cuts to the right to leave the labour market were the key instruments. In contrast, incentives to promote employment opportunities and to safeguard and strengthen the employability of older workers (e.g. through active labour market policies, life-long learning strategies or workplace health promotion) played a minor role, at least in the first years after the discursive change. A good example is found in the 5 Altenbericht (5 Report on Ageing), in which the commission argued for supportive measures for older workers instead of just ‘forcing them to work longer’ (Bundesministerium für Familien, Senioren, Frauen und Jugend 2006).

Such supportive measures were initiated to promote age management by means of information campaigns and good-practice/benchmark-steering combined with a ‘Decreasing Work-Related Diseases Programme’ running from 2006 until 2010 (OECD 2018b; Romeu-Gordo and Sarter 2020). As of 2002, good practice examples in the hiring and retention of older workers were collected and disseminated on websites, such as those run by RKW Kompetenzzentrum and financed by the Federal Ministry of the Economy. Furthermore, around 2010, programmes were introduced to deal with problems related to shortages of skilled labour (the so-called Fachkräftemangel). To meet and raise awareness of this problem, the Federal Ministry of the Economy issued information and guidelines for how to organize knowledge transfer. As in Denmark, a consultancy service that partly covered the age management consultancy costs in SMEs was developed around 2014, and some 3000 companies benefitted from the programme (OECD 2018b). Moreover, in response to the European Year of Active Ageing and Solidarity between Generations in 2012, Germany declared 2012 to be the year against age discrimination under the motto Im besten Alter. Immer (In the Best Age, Always) to raise awareness of how older adults are suffering from prejudices and ageist attitudes, signalling an appreciation of the human capital and productive capabilities of older workers. This represented a fundamental change from previous perceptions of older workers as less productive and more expensive (Bundesministerium für Familie, Senioren, Frauen und Jugend 2010), cf. the disengagement hypothesis.

Although the German labour market did recover beginning in the mid-2000s (see Chapter 4), discourses have continuously centred on the late-exit ideal. In 2013, the Enquete-Kommission Wachstum, Wohlstand, Lebensqualität (Commission: Growth, Wealth and Quality of Life) identified demographic ageing as one of the main challenges facing Germany and its economy. The commission recommended longer working lives and to cut the costs stemming from the greying of society. In this perspective, the Economic Expert Commission has suggested that increasing the state pension age by one year will raise the effective exit age by a factor of 0.75 (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2011). These ideas
have diffused to the political system. For instance, the former Federal Minister of Finance has suggested linking the state pension age to life expectancy, which will be reflected in the new ‘Reliable Generational Contract’ pension commission (In German: Verlässlicher Generationenvertrag),\textsuperscript{16} which was established in 2018. Its main aim is to make recommendations about how contributions and benefits may be balanced in the pension system in a long-term perspective.

Since about 2010, however, discourse organizations have argued that not all older workers are able to fulfil the requirements of the late-exit ideals and that social inequalities are rising in the transition from work to retirement (Hofäcker et al. 2019). Thus far, working life has been extended in a highly socially selective manner. The interest to retain older workers has largely been limited to highly qualified and/or healthy older workers.

5. AGEING DISCOURSES IN THE UK

In the UK, policy discourses regarding older workers have been dominated for more than 50 years by economistic interpretations of demographic change. Rather than simply being the product of population ageing (Phillipson and Smith 2005), policy discourses concerning work and retirement have been framed primarily in economic terms. This trend was reinforced by successive waves of neo-liberalism that impacted the British political economy deeply.

Immediately following World War II, labour shortages were accompanied by official exhortations to older workers to postpone retirement. This included arguments to increase pension age (then retirement age) to meet labour shortages and ‘maintain a healthy balance between the productive and non-productive sectors of the population’ (Phillipson 1982, p. 32). A National Advisory Committee on the Employment of Older Men and Women was established to encourage older workers to defer retirement. Despite these efforts, the labour force participation of this group, particularly older men, declined dramatically in the 1950s, 60s and 70s. Various factors account for most of this decline: early-exit increased because older workers were overrepresented in declining industries, which was further accelerated by the economic recession of the late 1970s and early 1980s (Walker 1985; Taylor and Walker 1998) and a post-war spike in the number of young people entering the labour market. Underpinned by the ‘lump of labour’ fallacy, the early-exit ideal emerged. The 1979 Labour Party Manifesto, for example, encouraged more early retirement to help ease youth unemployment (Walker 1982). Compared with many European countries, however, the UK did not develop extensive pre-retirement measures to encourage older workers to retire to make space for younger workers.
Still, the early 1980s marked a discursive change, and ‘later exit’ emerged as an ideal. This new ideal was fuelled by references to the so-called demographic time bomb originating from a growing older population and shrinking pool of younger labour market entrants, which threatened the sustainability of pension systems, calling for late-exit and a privatization and individualization of pension schemes (Department of Health and Social Security 1985, cited in Walker 1991). As noted by Ayudhya et al. (2015), the rhetoric around individual responsibility and choice have continued to prevail in the UK policy literature with respect to extending working lives, as evidenced in recent Department for Work and Pensions reports (e.g. Department for Work and Pensions 2014).

This discursive change was accompanied by policy changes, such as the option to contract out of S2P (see Chapter 3) and the application of communicative forms of steering. Already in 1993, a Ministerial Advisory Group (a policy organization) paved the way for ‘Getting On’; a special campaign (Taylor and Walker 1993; OECD 2004) encouraging employers to hire older workers. This was followed by an array of awareness campaigns around 2000 promoting diversity management and best practices through ‘age positive’ and ‘code of practice on age diversity in employment’. Culture-steering was applied, as best practice examples were collected and distributed on an age-positive website and in booklets. This initiative was followed in 2013 and 2015 by an age management guide and an employer toolkit published by the Department for Work and Pensions, which offered general guidance about how to avoid ageist approaches in management (OECD 2018c). Parallel to this, information campaigns in the media (2000) and the later strategy ‘Fuller Working Lives’ (2017) have strived to change employer perceptions of older workers.

As of 2000, the discourse on extending working life can be found in a variety of policy, campaign and discourse organizations. An Economic and Social Research Council (ESRC) report in 1999, *The Decline of Employment Among Older People in Britain* (Campbell 1999), noted how the ageing population was a concern for the financial sustainability of pension systems. A report on early retirement in local government raised similar concerns (Audit Commission 2000). A report by the Cabinet Office in 2000, *Winning the Generation Game: Improving Opportunities for People Aged 50–65 in Work and Community Activity*, noted that older people have felt pressured to stop work earlier to make way for ‘young blood’. Instead, the report noted that many would like to continue working to put their skills to use and for financial benefit, and that those leaving work early are doing so involuntarily because they were feeling dislocated and excluded (Performance and Innovation Unit 2000). The authoritative report from the Pensions Commission (2004) highlighted population ageing and the need to raise pension ages to ensure sustain-
Discursive change from ‘early’ towards ‘late’ exit/retirement

ability. The 2005 government report *Opportunity Age* emphasized the need to extend working life and to tackle age discrimination in employment, which it described as ‘bad for the individual, bad for business and bad for the economy’ (Department for Work and Pensions 2005, p. 19). This report was notable for taking a comprehensive approach to the idea of active ageing, whereas it was and remains much more common to reduce it to the goal of working longer. Subsequent pension reforms, such as the 2007 Pensions Act, aimed at extending working life and making retirement more flexible (Phillipson and Ogg 2010), although policymakers and campaign groups had advocated for flexible working for many years prior to this (Phillipson and Smith 2005).

Around 2009, governments formulated plans to extend working life as a positive ideal were more or less fully developed. A government report in 2009, *Building a Society for All Ages*, noted that businesses and the economy – not just individuals – benefit from longer working lives. The report also set out the government plan to bring forward a review of the default retirement age from 2011. Consequently, the default retirement age was abolished in 2011. In 2014, the government appointed a ‘Business Champion of Older Workers’, and the report centred around the rhetoric of ‘retrain, retain, recruit’, the simplicity of which seems to have struck a chord in policy circles (Altmann 2015). The report argued that older workers are ‘a major untapped source of growth, a hidden talent pool that is available but so far under-used’ (ibid., p. 51).

Despite this onwards march in changing ideals from early to late exit/retirement, the ideal of working into ever later older age has always been controversial. This is largely due to labour market inequalities, especially based on occupation, gender, age and caring responsibilities, which limit the ability and degree of choice of many of those encouraged or forced to work longer (Walker 1985; Hyde et al. 2018). In particular, there has been a strong public backlash against the government policy to harmonize the women’s state pension age with that of men, increasing it from 60 to 65. Despite the campaign being rooted in gender injustice, it seems to have ignited a wider public consciousness around the unfairness issues associated with having to work longer. The strong social media activity of the campaign suggests a growing awareness of the impact of health and functional disability on the possibility to work longer. This group has received prominent coverage in the media, which has likely influenced the public discourse around pensions and retirement. More recently, some media coverage has centred on the problem of increasing state pension ages alongside stalls or declines in life expectancy (*Financial Times* 2019; *The Guardian* 2018).
6. CONCLUSION

In the early 1990s, new ideals emerged in international and national agencies through complex networks of social and intellectual connections. And by the early 2000s, the new ideal of early exit/retirement was firmly established and propagated by the national and international policy, campaign and discourse organizations that are bearers of authority. The narrative and basic logic presented in speech, writing, reports and so on was surprisingly similar (see also Hagemann and Scherger 2016) corresponding to the late-exit age culture in the context of a late-exit age arrangement. Basically, it was argued that increasing longevity and population ageing represented a societal challenge, because pension systems would become unsustainable, and a labour shortage would undermine the economy.

Table 2.1 Dimensions in the discourse of later retirement

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discourses have trickled down from the international to the national level</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>Discourses have been hegemonistic</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Alarmist predictions of public spending due to demographic ageing</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Alarmist predictions about future labour shortages due to demographic ageing</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Initiatives to improve the employment prospects of older workers using information campaigns praising their productive capacity</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Initiatives to improve older workers’ employment prospects using culture-steering/information flows about best practice initiatives</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Best practice initiatives backed by free counselling to companies interested in developing age management</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

These alarmist predictions based on a certain type of analysis (and the use of particular types of statistics) (cf. Burr 2015) were presented as challenges and risks that threatened to undermine the welfare and wellbeing of the population, and reforms were constructed as ‘inevitable’ and ‘necessary’, emphasizing the intrinsic values of working, thereby steering the issue in a particular direction, epitomized as late-exit. Hence, in international and national policy, campaign
and discourse organizations, the necessary solution or policy responses to population ageing were rather similar and hegemonic.

As Table 2.1 shows, the new doxa on retiring later was followed by policy recommendations about the cost containment of the pension system, abolishing or penalizing early-retirement behaviour, and promoting the employability and employment opportunities of older workers. These recommendations called for new ways of organizing, regulating and administrating the termination of working life, which over time also included increased individualization and the privatization of social risks.

The discursive shift was associated with new modes of regulation; that is, strategic communication in the form of culture governance, which has been conducted internationally (e.g. in Eurofound) as well as nationally in Denmark, Germany and the UK. In the case of ageing populations, culture governance has been performed by collecting a portfolio (and analysis) of best age management practices that have been communicated in the form of codes of good conduct, benchmarking and so on. As such, culture governance helps to reorient the attitudes, expectations and behaviours of social actors, and it initiates processes of self- and co-governance. Culture governance is thus aimed at making something happen inside the firm rather than making something happen to the firm.

Chapter 3 discusses conventional ways of steering, including how pensions and early-retirement systems are steered from a unified state centre. The point here is that all-encompassing international and national discourses have given direction to welfare reforms. For instance, in all three countries, the state pension age has been raised to reduce pension costs and increase labour supply. Nonetheless, although all three countries have introduced pension reforms pointing in the same direction, reforms are markedly different. In Germany and the UK, the state pension age was raised from 65 to 67, while in Denmark the state pension age beyond such a two-year rise has been linked to life expectancy and is expected to be 72 in 2050. As such, so-called necessary reforms of the state pension age have been applied quite differently.

Projections of the demographic old-age dependency ratios are rather different for the three countries. In 2050, it is expected to be 43 in Denmark, 65 in Germany and 46 in the UK (OECD 2015b). Furthermore, Denmark had already reorganized its pension system in accordance with the World Bank 1994 recommendations in the early 1990s. So even though the demographic challenges in Denmark are relatively soft and the country has a pension system that appears fit to weather the demographic challenges, Denmark has legislated rather radical changes to pension ages – in stark contrast to Germany and the UK. It would therefore seem safe to say that similarities in discourses framing demographic challenges need not result in similar policy responses (outputs) or outcomes.
The timing and content of the discourses in the three countries have been surprisingly similar. However, it is also worth noting that in recent years, there has been a growing awareness in all three countries that extending working lives contributes to sharpening inequalities. Not all seniors are able to live up to the new ideals.

NOTES

1. The term ‘discourse’ is often rather vaguely defined and used in various ways, depending on the approach and disciplinary context. In this chapter, a discourse is considered to be a group of interrelated (or homologous) statements or communicative activities that represent an ideal or knowledge (the ‘truth’) about a specific topic (e.g. how to terminate working life) at a given moment in time. Thus, discourses are historical and link particular ideas, identities, expectations, logics and courses of action to institutional arrangements and practices in a systematic manner.

2. In the Mopact Project (https://mopact.sites.sheffield.ac.uk/home), WP3, especially, is of relevance regarding experiences and good practices in relation to older-worker employment.

3. At this point in time, the average life expectancy was 71.1 for men and 76.8 for women, while the state pension age was 67.

4. From a Keynesian perspective, generous early-retirement benefits have several positive effects. At the macro level, they have a positive spin-off effect, as the ability to consume stabilizes the demand for consumption commodities and strengthens loyalty to fundamental social institutions, while at the micro level it increases the willingness of older workers to retire early during times of enduring unemployment (cf. Schmid and Reissert 1991).

5. Both the White Paper and Zeuthen Commission focused mainly on structural problems in the labour market.

6. Translated into English, the title of the Ministry of Finance report was ‘The pension system and the dependency burden of the future’ [Pensionssystemet og fremtidens forsørgerbyrde].

7. Unfortunately, the respective websites created for these campaigns have been taken down.

8. In practice, the aim to strengthen age management among Danish companies did not terminate until 2011 with the election of a Social Democratic government.

9. The reform also emphasized the need to improve work conditions as a measure to prolong working life. However, this part of the reform never materialized.

10. Chancellor Helmut Schmidt allegedly said that he would rather endure 5% inflation than a 5% unemployment rate (in German: Lieber fünf Prozent Inflation als fünf Prozent Arbeitslosigkeit).

Discursive change from 'early' towards 'late' exit/retirement

12. See https://www.sachverstaendigenrat-wirtschaft.de/.
3. From a welfare state towards an enabling state

1. INTRODUCTION

Rapidly increasing employment rates among older workers tie in with changes in the institutional structure of the welfare state. The reframing of the welfare state architecture is closely associated with the new, upcoming challenges facing industrialized welfare societies, such as globalization and demographic ageing, and furthermore accompanied by the arrival of new ideas and principles in social protection. Changing ideas and normative views have been propagated by international organizations such as the World Bank, EU and OECD, with the OECD (2006) publication ‘Live Longer, Work Longer’ as a prototypical example. The new philosophy represented a liberalization of welfare systems in industrial welfare societies, focusing on retrenchment in social spending (Pierson 1994, 1996) combined with policies promoting work, marking the coming of a late-exit age arrangement, and a transition from a welfare to an enabling state (Gilbert 2002) supporting a shift from early to late retirement (Immergut et al. 2007; Hofäcker 2010; Palier 2010; Ebbinghaus 2011).

The essence of the ‘welfare state’ is that it provides an opportunity structure emancipating workers from subordination and destitution by means of publicly funded and provided benefits, institutionalized and orchestrated as citizens’ rights (Marshall 1950), making living standards independent of market forces, epitomized as de-commodification (Esping-Andersen 1990). In relation to so-called ‘old social risks’ (Taylor-Gooby 2004), such as unemployment, sickness and old age, policies of emancipation or de-commodification ideal-typically refer to citizens being emancipated from ‘the whip of the market place’ (Esping-Andersen 1990, p. 109), given that citizens ‘without potential loss of job, income or general welfare, (can) opt out of work when they themselves consider it necessary’ (ibid., p. 23). In relation to old age, politics of de-commodification embedded in the context of an early-exit age arrangement call for high-quality public pension schemes and to some extent related to the disengagement hypothesis developed by Cumming and Henry
(1961), given that exit/retirement is associated with withdrawal from society and the ‘thinning out’ of social relationships.

By contrast, the ‘enabling state’ is ideal-typified as promoting individual responsibility and a market-oriented approach to social protection, designating re-commodification by means of budgetary rigour and retrenchment, including privatization, restricting access to benefits and the introduction of incentives and sanctions (Gilbert 2002), all of which undermines and individualizes citizenship (Andersen and Jensen 2002; Born and Jensen 2005). The promotion of employment becomes a major concern, and activation is introduced to combat welfare dependency. While the ‘old’ compensatory welfare state could be pacifying and unproductive, politics of enablement and activation aim to provide workers with ‘a trampoline rather than a protective shield’ (Jenson 2012, p. 29) forming a central component part of the late-exit age arrangement. In the case of old age, the transition from the welfare state to enabling state represents a shift from ‘inactive’ to ‘successful’ or ‘active ageing’ (Foster and Walker 2015). Policies emphasizing active ageing, especially, seek to promote people remaining active for as long as possible, including after retirement from formal employment (Zaidi et al. 2013).2

Since the mid-1990s, early retirement and pension reforms aimed at delaying retirement and increasing the labour force participation of older workers have contributed to a move towards the enabling state. Early-retirement schemes and pension systems have been profoundly revised to encourage a longer working life (Engels et al. 2017). As advocated by the OECD, most European countries have set the state pension age (SPA) up and revised the financial formula for their pension systems to ensure stricter qualifying conditions and fewer benefits, while the role of public systems has simultaneously been reduced through the promotion of private occupational and individual schemes (Meyer et al. 2007; Ebbinghaus 2011; Bridgen and Meyer 2014; Leime and Loretto 2017). Parallel to these changes to pension systems, early retirement pathways have been closed or made less attractive (Topa et al. 2018).

This chapter analyses how rapidly increasing retirement ages intersect with the welfare state transitioning towards the enabling state. In analysing this policy shift geared towards postponing retirement, this chapter uses indicators or observation units that govern citizen access to pension and early retirement benefits as well as the quality of these benefits. Hence, in accordance with Esping-Andersen (1990), Korpi and Palme (1998), Scruggs and Allan (2006) and Kangas and Palme (2007), this chapter uses indicators such as eligibility, generosity and the financial formula of welfare systems, including the earliest age of eligibility for social security benefits, restrictions on entitlements and financial incentives to work longer.

As indicated, a distinction is drawn between old-age pension and early-retirement benefits. Here, early retirement refers to the period from
exit from the labour market to retirement, as defined by the state pension age. Early-exit occurs because some individuals are pushed out of the labour market, either because they are unable to work until the statutory pension age or because employers find them undesirable. Some are pulled out of the labour market because they believe that work does not pay or because the pension and early retirement system signals when it is appropriate to leave the labour market. And some jump, leaving of their own volition as they seek a new lifestyle and identity (Jensen and Øverbye 2013; Jensen et al. 2020a).

Publicly orchestrated early retirement opportunities, often conceptualized as pathways, may take a multiplicity of forms (Kohli et al. 1991). The early retirement pathways studied in this book are early-retirement schemes, unemployment benefits, disability pensions and sickness benefits. Of course, a so-called substitution or spill-over effect exists between the pension system and different pathways. As argued by Staubli and Zweimüller (2013), for instance, increasing the early retirement age may increase the number of recipients of unemployment and disability benefits. Then again, restricting eligibility criteria to old-age pensions may channel people into, for example, the welfare benefit or sickness benefit pathways.

The chapter begins by analysing how pension systems are constructed and changing, as well as how early exit/retirement opportunities in some instances form part of the ‘ordinary’ pension system. Next, changes in the early-exit pathways will be analysed. As will become clear, some early retirement options are designed to endow people with a right to exit before the SPA, while others target older workers unable to work due to disabilities, which usually entails some kind of health or work ability test. A third type of early-exit pathway is formed by benefit systems aimed at other needs (e.g. unemployment, sickness), whereas older workers nonetheless end up using unemployment and sickness benefits to leave the labour market. As will be shown, however, all kinds of early-exit pathways have been subjected to reforms intended to support paid employment until, and where possible even beyond, the state pension age.

Before starting an analysis of how pension policies have been reshaped, this introduction presents a discussion of how changing pension and early-retirement benefit systems and their behavioural outcomes can be interpreted.

1.1 Relationships Between Early Retirement/Pension Systems and Behaviour

Major early-retirement and pension reforms are embedded in a ‘financial incentive’ discourse based on economic models assuming that the incentive structures of pension and retirement systems are the most important determinants of retirement choices (Gruber and Wise 2004; Radl 2013; van Solinge and Henkens 2014; Dingemans et al. 2016; Fisher et al. 2016). As such, eco-
nomic models consider the timing of retirement to be an outcome of a ‘free’, deliberate and/or premeditated choice triggered by changes in economic signals from the welfare state.

Economics textbooks hold that behaviour is a free and deliberate choice, that retirement is planned behaviour, anchored in preferences and budget restrictions. This notion of a ‘free’ choice would indicate, for instance, that individuals who prefer leisure are inclined to retire earlier with a lower monthly payment, whereas those preferring money over leisure wait to claim their pension until reaching the state pension age, resulting in a higher monthly payment (cf. Fisher et al. 2016). This is a prototypical example of how financial incentives work. However, the ‘incentive’ concept often appears to be a euphemism for coercion.

Empirical studies claim to have found that changing ‘financial retirement incentives’ or changing ‘financial incentives’ have impacted women’s employment rate. Hanel and Riphahn (2012) and Cribb et al. (2016), for instance, base such findings on analysing how rising early retirement as well as state pension ages correlate with changes in female labour market practices. The question, however, is whether a rise in the early-retirement or state pension age was an invitation to make a ‘free’ choice or whether behavioural change was forced upon women. Most probably, they had no other choice but to postpone retirement in the face of rising pension ages. Inasmuch as the state pension age increases, only those with sufficient private savings or household wealth would have a ‘free’ choice concerning retirement timing.

It is also important to avoid exaggerating the effects of changing financial incentives. In Denmark, for instance, the Ministry of Finance has argued on several occasions that major early-retirement and pension reforms (of 2006 and 2011) have had a major impact on the employment rate of older workers (e.g. Finansministeriet 2017). However, the increasing employment rate among older workers in Denmark had commenced already around 2000 (see Chapter 1), and major reforms in 2006 and 2011 were first implemented in 2014. Even the Danish Economic Council has argued that the reforms cannot exhaustively explain the growth in the employment rate among older workers between 2014–2019 (DØR 2021). It can thus be argued that the rise in the employment rate among older workers (which may be triggered by a third factor) in Denmark to some extent preceded the reforms or has even functioned as a precondition for the 2006 and 2011 reforms to be successful.

Of course, this is not to say that coercive measures or financial incentives play no role in retirement timing. But it is worth remembering that older workers retire for many different reasons, and that the older workers who are pushed out of the labour market are simply unable to respond to changes in the financial incentive structure. Abandoning the economic actor and ‘free’ choice perspective as an all-encompassing explanation would thus make sense,
instead embracing the agency perspective, according to which welfare policies are merely one of many factors conditioning social actions (Giddens 1984; Archer 2000). Agency refers to the idea that, while living within structures, individuals alone or together with others can take the initiative and influence their own life situation rather than only or primarily acting in a mechanistic or premeditated manner in response to economic signals orchestrated by the welfare state or market. Citing Bourdieu, economic stimuli ‘do not exist for practice in their objective truth, as conditional, conventional triggers, acting only on condition that they encounter agents conditioned to recognize them’ (Bourdieu 1990, p. 53), meaning that only agents who in a given context have preferences or dispositions mirroring changing incentive structures will act adequately on such changes.

2. CHANGING OLD-AGE PENSION SYSTEMS

*Averting the Old Age Crisis*, a World Bank (1994) publication, can be seen as a discursive monument in the ideational and structural readjustment of pension systems in industrial societies (Tao 2017). To make them more sustainable, the World Bank recommended constructing pension systems on the basis of a three-pillar system consisting of tax-financed public pensions (Pillar 1), a mandatory funded occupational system (Pillar 2), and individual private savings (Pillar 3). While this set of recommendations has certainly influenced pension reforms in most of the world, pension systems currently in force in the three countries we compare do not completely mirror the three-pillar World Bank model.

The Danish pension system meets most of the World Bank requirements and recommendations (cf. Green-Pedersen 2007; von Nordheim and Kvist 2022) and has been identified since 2012 as one of the highest-ranked pension systems in the world in terms of adequacy, sustainability and integrity (cf. Melbourne Mercer Global Pension Index). Although possibly adequate and sustainable, the Danish pension system is also very complex. Since the late 1960s/early 1970s, the pension system has evolved from a one-pillar to a multi-pillar system; a development that has been driven by collective bargaining agreements, which reflects how the Danish pension system is on the verge of changing from a primarily tax-financed basic pension system to a private, ‘fully’ funded occupational pension system. As Table 3.1 illustrates, the Danish pension system consists of three major pillars.

The actual pension of most Danish pensioners consists of a combination of income from all three pillars. However, between 2000 and 2018 wage income as well as income from Pillars 2 and 3 affected the pension income from Pillar 1. First, if a person living alone has an income from Pillars 2 and 3 of more than €9500 per year, a deduction is made from the means-tested pension...
Table 3.1  The present Danish pension system

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A)</td>
<td>All citizens over the state pension age are entitled to a universal, residence-based, tax-financed, flat-rate state pension, often referred to as the basic state pension. However, full entitlement requires at least 40 years of residence in Denmark after age 15, as people are entitled to 1/40th (2.5%) of the basic pension for each year they have resided in Denmark, between age 15 and the pensionable age.</td>
</tr>
<tr>
<td>1B)</td>
<td>A means-tested pension ‘supplement’ targeting those with limited income besides the basic pension. In addition, several means-tested pensioner benefits exist, such as the housing benefit, support for heating and support for extraordinary expenses (e.g. health-related expenses).</td>
</tr>
<tr>
<td>1C)</td>
<td>The so-called ATP covers all wage earners, unemployed individuals and disability pensioners. It is a fully funded, defined-contribution scheme, albeit with rather low contributions and benefits.</td>
</tr>
<tr>
<td>2</td>
<td>Occupational pension schemes are fully funded, defined-contribution schemes covering most employees. Most schemes are sector-wide, and contributions vary between 12–18%, depending on the content of the collective agreements.</td>
</tr>
<tr>
<td>3</td>
<td>The third pillar consists of an array of different individual pension savings schemes, primarily administrated by banks or insurance companies. As with occupational pensions, contributions are deductible from taxable income.</td>
</tr>
</tbody>
</table>


‘supplement’. With a pension income of more than €44 000 from Pillars 2 and 3, entitlements to the means-tested pension ‘supplement’ terminate. Second, if a person entitled to the basic state pension until 2023 had an annual wage income of more than €43 000, deductions will also be applied to the basic state pension, while a wage income of more than €76 000 annually cancels the right to basic state pension all together. This means that it is – to some extent – possible to combine a state pension with employment income.5

It is also worth noting that the occupational pension system (Pillar 2) in Denmark was not really widely introduced for wage earners until the late 1980s/early 1990s and for blue-collar workers not fully unfolded until 2009. This means that most schemes remain 20–40 years from maturation. Hence, occupational pensions for blue-collar workers remain rather moderate. Once the system has fully matured, however, Pillar 2 will become the dominant element in the Danish pension system in terms of retirement income security.

In Germany, several reforms were initiated and implemented in the late 1980s to prolong working life and achieve long-term financial stability for the German pension system. Since the turn of the millennium, paradigmatic reforms have transformed the pension system into a multi-pillar model (Ebbinghaus and Hofäcker 2013; Schludi 2005; Honekamp and Schwarze
Pillar 1: The statutory old-age insurance (SPI) is a compulsory scheme covering all employees together with some categories of self-employed. The SPI provides for old-age, invalidity and survivors’ pension. It is based on principles of equivalence and pay-as-you-go financing. The pay-as-you-go financing poses a problem, since the number of contributors is declining while the number of beneficiaries is growing due to demographic ageing. In effect, contributions have been and will continue to increase in the future, reaching around 22% of wages in 2030 (employees and employers pay half of this rate each), while the pension quality wanes. Until 2028, the replacement rate will be reduced from 53% to 44% of previous net wages. Eligibility criteria are a minimum of 5 years contribution and attainable at age 65. In 1986, a contributory care credit was established, taking into account that women interrupt their working career due to care responsibilities to a larger extent than men.

Pillar 2: This pillar consists of two company-based occupational pension schemes – one for the public (established in 2002) and one for the private sector (transformed in 2002) – both based on defined-contribution principles. In the public sector, contributions are paid by the public employer, while employees in the private sector may voluntarily choose to contribute to a company pension plan out of their own pocket. In return, employees can take advantage of deferred taxation for their contribution to the occupational scheme.

Pillar 3: This pillar consists of various kinds of voluntary, long-term savings contracts, including the ‘Riester pension’, established in 2002 to counteract cuts to the SPI scheme. The Riester pension is a fully funded contributory scheme based on the equivalence principle. Employees can pay 4% of their net wage into the scheme and receive corresponding tax-financed allowances from the state together with a tax rebate.

of their average income (before taxes) per annum into their Riester accounts. In 2011, more than 70% of employees aged 25–64 had paid into the scheme.

German pensioners can work as much as they want and can continue to make pension contributions on their earned income if they so desire. Early retirees, however, are only allowed to earn up to €46 000 before income is deducted from their pension benefits.

**Table 3.3 The UK pension system at the turn of the millennium**

| Tier 1 | A basic, universal flat-rate state pension provided via taxation and topped up by a means-tested Minimum Income Guarantee or Income Support. People over 75 could also be reimbursed for winter fuel payments etc. In 2003, the Minimum Income Guarantee was replaced by the Pension Credit. The Pension Credit (consisting of the Guarantee and Savings credit) is a benefit targeting pensioners with an income below a certain level. |
| Tier 2 | The State Earnings-Related Pension Scheme (SERPS) was supposed to provide a pension proportional to the number of years that workers had made contributions to the National Insurance (NI). In 2002, the SERPS was replaced by the State Second Pension Scheme (S2P), which provided more generous earnings-related pensions than SERPS (becoming more generous for low earners and some carers). The SERPS and S2P benefit structures could be ‘defined benefit’ or ‘defined contribution’, although ‘defined benefit’ was predominant. Pension savers had the option to ‘contract out’ of both the SERPS and the S2P, either into an occupational plan provided by employers, or a personal/stakeholder plan provided by financial service companies. In effect, National Insurance contributions were reduced or partially rebated. When contracting out, employees surrendered part or all of their SERPS/S2P pensions, instead receiving extra pension from their occupational scheme or personal/stakeholder pension. |
| Tier 3 | Private provision primarily organized or facilitated by employers. Employers had a considerable degree of freedom to decide whether they would offer a pension scheme to their employees and to determine the type of provision, including decisions about contributions, benefits etc. |


Around the turn of the century, the UK pension system was composed by a large voluntary private pension sector, and a two-tiered public pension system, i.e. a flat-rate state pension and a state earnings-related pension scheme (SERPS). However, the quality of the pension system was relatively underdeveloped in terms of generosity and coverage (Meyer and Bridgen 2008). The public pension system had stagnated, and the intended supplementary earnings-related system had contracted rather severely. The focus was therefore on creating a socially sustainable system that was also affordable.
and economically sustainable. The policies in this direction started with the Welfare Reform and Pensions Act of 1999, such that the UK pension system consisted of multiple tiers at the turn of the millennium (see Table 3.3).

To improve the quality of the pension system, the Pensions Act (2007) reduced requirements for a full basic state pension to 30 years, which was combined with the so-called ‘triple lock’, which markedly improved the pension adequacy level from June 2010, as the state pension was indexed both on the basis of growth in prices (as measured by the Consumer Price Index), and growth in earnings (Banks and Emmerson 2018). As of 2007, however, the S2P was transformed into a flat-rate system, although contributions remained earnings-related. Hayley (2019) has argued that this measure was meant to encourage middle and high earners to contract out of the S2P system.

Despite these improvements, the pension system still had obvious deficits. Between 1967 and 2012, for instance, membership of occupational pension schemes had fallen from 12.2 to 7.8 million (European Commission 2015b); that is, private employers withdrew from providing occupation pensions, while people tended only to make use of the minimum contribution level, which was unlikely to guarantee an adequate pension income. This led to a major reform in 2012, which abolished the option of contracting out of S2P. As of October 2012, employers became legally obliged to automatically enrol all employees between 22 and the state pension age earning more than £10 000 annually into a defined-contribution workplace pension scheme (Airey and Jandrić 2020). Hence, the auto-enrolment for workplace pensions in 2012 marks a departure from defined-benefit schemes and a trend towards defined-contribution schemes, designating a stronger incentive to work longer. More basically, Foster (2018) and the European Commission (2015b) have argued that the 2012 reform represents a drive towards ‘personal responsibility’.

The £10 000 per annum boundary left many part-time employees – especially women, who are over-represented among part-timers – outside the scheme,6 which can be seen as an incentive to transition from part-time to full-time employment. Since 2012, around 10 million workers have nonetheless been auto-enrolled into a workplace pension scheme. Parallel to this, the minimum contribution rate has risen from 2% to 8% (3% from employer, 5% from employee) (Airey and Jandrić 2020).

The need for reforms was further pursued in 2015, where a new state pension was introduced (running from April 2016): (1) The basic state pension, SERPS and S2P were merged into a new flat-rate, single-tier pension. The idea here was that the new state pension would provide a higher weekly pension rate than the previous basic state pension. (2) To qualify for a full state pension, individuals with no pre-existing National Insurance record prior to 6 April 2016 must have paid 35 years of National Insurance, which raised the number of qualifying years from 30 to 35 (OECD 2018c). However, those who
have contributed between 10 and 34 years are entitled to a lower pension along a sliding scale (Banks and Emmerson 2018; Hayley 2019).

As in Germany, British pensioners can claim their pension without reductions while working, as long as they have reached the state pension age.

2.1 Poverty Among Pensioners

The main goal of pension systems is to provide an adequate source of income for those retiring at the state pension age. Often, the adequacy of pensions is measured by replacement rates. Between the early 2000s and until around 2020, the average gross replacement rate from mandatory pension programmes (males) increased dramatically in Denmark (from 43% to 80%), while rising slightly in Germany (from 46% to 56%), and the UK (from 37% to 49%) (OECD 2005b; OECD.Stat).

A better way to measure adequacy is the ability of pension systems to prevent poverty, not least because the prospect of poverty may function as a strong incentive to work longer (Anxo et al. 2012; Nilsson 2012). Developments in the risk of poverty among the over-65 demographic are shown in Table 3.4.

Table 3.4 At risk of poverty, 65 years and older, percentage

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>24%</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>The UK</td>
<td>27%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Eurostat (ILC_LI02).

As can be seen, the risk of poverty among Danish pensioners has fallen dramatically, which is most likely due to the maturation of the occupational pension system along with the introduction of different forms of means-tested benefits. Poor pensioners are first and foremost immigrants who lack the minimum 40 years of residency between age 15 and the state pension age. Also in the UK, the risk of poverty in old age has fallen, which may be accounted for by the ‘triple-lock’ indexation of pensions. In contrast, poverty has increased among German pensioners, most likely due to reforms providing actuarial enhancements for pension savings. These development trajectories indicate that the incentive to work longer due to the risk of poverty in old age has decreased strongly in Denmark, decreased in the UK, while increasing in Germany.
2.2 State Pension Age

In all three countries, carrots and sticks have been used to raise the retirement age. Sticks refer to coercive measures such as raising the state or statutory retirement age, while carrots refer to benefits targeting older adults postponing retirement beyond the early and old-age retirement ages. The question remains, however, to what extent such measures have impacted the rapidly increasing retirement ages between 2000 and 2018. For instance, aside from changing state pension ages for women, projected rising retirement ages will mainly be effective at some time in the future due to long transition periods.

2.2.1 Raising the State Pension Age

In 1999 in Denmark, the state pension age was lowered from 67 to 65 years of age. Counter-reforms were introduced in 2006 and 2011, however, designating the gradual raising of the state pension age between 2019 and 2022 from 65 to 67 (Jensen 2018). In addition, as of 2030, the state pension age will have a direct one-to-one link between increasing life expectancy and a rise in the pension eligibility age, thus freezing the average length of retirement at 14.5 years. In 2020, the statutory retirement age in Denmark was 66.

In Germany, the retirement age was raised in 1997 from 63 to 65 years for men (stepwise 2000–2001), and from 60 to 65 for women as of 2004 (Steiner 2017). Additionally, it was decided in 2007 to further raise the legal retirement age as of 2012 from 65 to 67. Beginning in 2012, the retirement age began rising incrementally to 67 years by 2029 (Wörz 2011). In 2020, the state pension age for men and women was 65.8 (European Commission 2015a).

In the UK, the Pension Acts 1995 and 2011 stipulated women’s retirement age to match that of men, meaning a rise in the age for women from 60 to 65 between 2010 and 2018. In addition, the Pension Acts 2011 and 2014 called for a further incremental increase to 67 for both men and women by 2028. In 2020, the state pension age in the UK was 66.

As can be seen, increases in state pension ages have been rather modest for men and women in Denmark, men in Germany and men in the UK. Between 2000 and 2020, the state pension age for these groups increased from 65 to 66 in Denmark, from 65 to 65.8 in Germany, and from 65 to 66 in the UK. However, changing state pension ages have impacted women more profoundly in Germany and the UK. In Germany, the state pension age for women grew from 60 in 1999 to 65.8 in 2020, and the age for women in the UK increased from 60 in 2000 to 66 in 2020. Using the British case as an example, Cribb et al. (2016) have argued that the employment rates among women at age 60 increased by 7.3 percentage points when the state pension age was increased to 61. As such, the rise in women’s pension age has most likely had a strong
effect on employment rates among the 55–64 demographic in Germany and the UK.

2.2.2 Deferral of retirement pension claim and retirement age
All three countries have introduced increments to pension benefits if older adults postpone retirement beyond the state pension age. In Denmark, workers can defer receipt of their basic public pension (Folkepension) for up to ten years; that is, if a person working more than 1000 hours annually decides to postpone their claim to the rights-based, basic, life-long pension, benefits will increase proportionally (cf. a scheme called Opsat Pension). If, for instance, a person postpones collecting their portion of the basic pension by four years, the basic pension increases by 27%, providing an incentive to postpone retirement (Amilon et al. 2008). Similarly, a German wage earner who continues to work after reaching the standard pensionable age will benefit from a pension accrual of 0.5% for each month of postponement (European Commission 2021). In the UK, the effect of the deferral of the claim of a state pension after reaching retirement age is significant, given that the final pension increases by 10.4% for each year of deferred claim (European Commission 2015a; OECD 2015b; 2017a).

With rising state pension ages, compulsory retirement ages have more or less been abolished. In Denmark, the obligation to retire at age 70 was abolished in 2016. In Germany, older adults are not obliged to retire upon reaching retirement age. And as of 2011 in the UK, workers cannot be forced to retire on the basis of age (Airey and Jandrić 2020). Still, the deferral of pension claims and retirement and the abolition of the default (compulsory) retirement age may not have affected employment rates in the age group studied in this book (i.e. adults aged 55–64).

3. EARLY RETIREMENT

3.1 Programmes Designed to Allow Older Workers Freely to Exit
In Denmark, an early-retirement scheme was established in 1979 allowing the members of the scheme to take up the benefit freely without employer consent. The first major redesign of the scheme took place in 1999. As of 1999, eligibility was limited to older adults (60–64), and although the scheme was primarily financed from general taxation, entitlement required membership of an unemployment insurance fund for at least 25 years (raised to 30 years in 2006).

In 1999, a special early-retirement contribution was introduced. In addition, several incentives to postpone early retirement were built into the scheme. By postponing early retirement, individuals could trigger a pecuniary gain, as the benefit rose from 90 to 100% of unemployment benefits for those opting for
retirement at age 62‒64 rather than age 60‒61. Additionally, people who did not make use of the scheme but continued working until after age 62 received a relatively generous post-tax premium, meaning that those who worked until age 65 received a premium of about €9560 upon reaching the state pension age.\(^8\) As part of the 1999 reform, recipients were allowed to work up to 29.6 hours per week.

Moreover, older adults opting for early retirement were punished financially. Hence, if people retired at age 60‒61 and had additional income from Pillars 2 or 3, 60% of their additional income was deducted from the early retirement benefit, whereas only certain income types were deducted from the retirement benefit if the person postponed withdrawal from the labour market until age 62 or older. These regulations furthermore entailed that persons enrolled in Pillars 2 or 3 were entitled to occupational or private pensions at age 60.

Further reform in 2006 and 2011 reduced the duration of early retirement from five to three years and raised the age of eligibility to 62. Reforms were gradually implemented between 2014 and 2017, and synchronized with changes in the state retirement age, meaning that the age of eligibility for early retirement will be raised to 64 as of 2023, when the state pension age increases to 67. Thereafter, in tandem with the state pension age, the age of eligibility for early retirement will be linked to changes in life expectancy.

Moreover, as of 2012, people were encouraged to leave the early-retirement scheme. Contributions were paid back to members wishing to leave the scheme,\(^9\) while the early-retirement scheme simultaneously lost value (80% of the income from Pillars 2 and 3 was deducted from the early retirement benefit). Instead, older adults could use Pillars 2 and 3 as early retirement options five years before the state pension age. As of 2018, however, benefits from Pillars 2 and 3 could only be paid out three years before the state pension age.

It is hardly surprising that the early-retirement scheme has become steadily less attractive since 2000. Between 2004 and 2019, the number of recipients fell from 215 000 to 62 000, although it is worth noting that the strong decline started almost ten years before the 2011 reform became effective.

However, as the 2011 retrenchments were hotly contested and the need for health-related early-exit clearly existed among older workers, the 2011 reform also introduced a health-tested, tax-financed senior disability pension, which was a fast-track variant of the disability pension scheme (OECD 2018a). In 2019, the scheme was greatly improved and renamed Senior Pension. Persons having worked for at least 20–25 years and passing a health test certifying that they are unable to work more than 15 hours a week may claim the benefit up to six years prior to the state pension age.

The Senior Pension reform in 2019 was followed up in 2020 with an additional early-retirement scheme, Early Pension, which is a tax-financed,
From a welfare state towards an enabling state

rights-based scheme. Older adults are entitled to the Early Pension benefit one, two or three years before the state pension age if they have been enrolled in the labour market since age 16 for, respectively 42, 43 or 44 years.

As in Denmark, German governments have tried to increase the retirement age by tightening eligibility criteria, making early retirement less financially attractive and closing early retirement options (Hess et al. 2021). This process had already started in 1992, with the First Rentenreform.

Early-retirement schemes in Germany differ markedly from the Danish schemes. Hence, contrary to Denmark, the major early retirement option in Germany forms part of the ordinary occupational pension system. Hence, until 1992, people with 35 years of contributions could opt for a pension from age 60 with full benefits (Schludi 2005). While the First Rentenreform did not ban early retirement, it punished early retirement financially inasmuch as pensions were cut by 0.3% per month or 3.6% per year for each month/year the person in question retired before reaching state pension age (Bauknecht 2015). In tandem with the decision to raise the state pension age from 65 to 67, the option of retiring early with a reduced pension was raised from 60 to 63 between 2006 and 2011.

Parallel to the First Rentenreform, politicians tried to make the transition from work to retirement more flexible (Naegele and Hess 2017). A partial pension scheme was introduced in 1992, allowing older workers having reached the earliest state pension age to combine paid work and pension payments. Very few older workers exploited the scheme (Bauknecht 2015; OECD 2018b), however, and tripartite negotiations resulted in an additional part-time retirement scheme (Altersteilzeitgesetzes) for 55+ employees, which was introduced in 1996 (Schludi 2005). The age limit for this type of early-retirement option was raised to 60 and 63 and ultimately abolished as of 2009, because the scheme was ‘misused’ as a ‘block model’ for early retirement (Leime and Loretto 2017).

As in Denmark in 2020, German trade union pressure resulted in a minor correction in 2014 regarding workers with very long working careers. Those with at least 45 contribution years can retire with full benefits two years before the state pension age (OECD 2018b). As with the Danish Early Pension, the Rente mit 63 scheme reflects variations relating to the age at which people enter the labour market.

In 2017, the Flexirentengesetz reform further broadened the range of retirement options before and after the normal retirement age (Natali 2018). On the one hand, the full pension is paid for those who retire two years before the state pension age and earn up to €6300; for those with annual earnings exceeding €6300, the full pension is reduced by 40% of the additional earnings. On the other hand, the combination of work and pensions is not subject to an earnings test after age 67 (OECD 2017a).
The UK is an outlier regarding early retirement options. It is not possible to claim early retirement in the public pension system (OECD 2017a, 2018c; Airey and Jandrić 2020). However, early pension benefits can be claimed from the private pension system, where pension income can be claimed from the age allowed by the scheme. The UK has a high coverage of private occupational pensions compared to many other European countries (Blundell et al. 2002). Between 2000 and 2020, coverage of occupational pensions rose from approximately 45% to 80%, not least due to the automatic enrolment into a workplace pension scheme (Blundell et al. 2002; Statistical Bulletin 2022). Older adults forced to retire early may make use of alternative pathways in the public system (e.g. incapacity benefits, income support).

3.2 Disability Pension: a Pathway due to Incapacity

Disability refers to restrictions in work ability or the incapacity to perform normal work roles (cf. Marin 2003), often leading to an involuntary exit from the labour market and compensated for by income replacement policies, such as disability or incapacity benefits. In the area of disability pensions, however, the title of an OECD publication from 2003, Transforming Disability into Ability (OECD 2003), clearly represents a late-exit age arrangement discourse, aimed at a re-balancing of (or new trade-off between) income replacement policies and activation measures.

The Danish disability pension is a non-contributory, tax-financed, citizenship-based benefit awarded without time limit. Around the turn of the millennium, eligibility in principle depended on a person having experienced a loss in employability leaving them unable to support themselves by means of ordinary employment. In fact, however, unemployed workers over age 50 were awarded disability benefits for non-medical reasons (Jensen 2003, 2004), as when the prospects for finding gainful employment in the area of residence were considered poor.

A major reform in 2003 changed and tightened the eligibility criteria. The opportunity to grant disability pension for non-medical reasons was abolished. In addition, the previous criterion for granting disability benefits, ‘loss of employability’, was replaced by ‘remaining working ability’. The idea of focusing on work ability was to direct attention towards resources and development potentials, rather than problems and limitations. This meant that every conceivable effort to improve the employability of the individual by means of rehabilitation measures (e.g. activation, medical treatment) had to be demonstrated as futile before a disability pension could be granted.

Parallel to this, the granting of disability pensions became linked to the so-called fleksjob (i.e. flexible job) scheme established in 1998, which was aimed at facilitating the employment of persons with limited work ability.
Fleksjobs are subsidized jobs offered to those unable to perform a normal full-time job. Working hours are flexible, but wages and working conditions basically mirror the collective agreement within the given industry. In principle, fleksjobs are granted for a five-year period, but those over age 40 are normally granted a permanent fleksjob. In 2015, about 55 000 (out of a total labour force of 2.8 million) were employed as fleksjobbers, while 215 000 were granted disability benefits. Fleksjobs do not target older workers in particular, but most fleksjobbers are older than 50, and very few fleksjobbers return to regular employment. Fleksjobbers who become unemployed are entitled to a special fleksjob unemployment benefit.¹⁰

In Germany, the disability pension system is compulsory, contribution-based and is an integrated part of the statutory public pension system (i.e. a pay-as-you-go system), and disability pension may be granted to insured persons who are unable to work for less than six hours daily in the regular labour market (Missoc). In 2001, the system was thoroughly reformed. Health-related eligibility criteria were tightened (Engels et al. 2017) so that only people with severe health problems can be granted the pension. From 1996 to 2017, the proportion of individuals among the insured receiving the pension fell from 8.9% to 4.6% (Romeu-Gordo and Sarter 2020), indicating that it has become increasingly difficult to use the disability pension scheme as a pathway to retirement (Bauknecht 2015; Engels et al. 2017; Hess et al. 2021). Nonetheless, most new entrants in the disability pension scheme are between ages 50 and 60.

In Germany, it is possible to combine disability pensions with employment income. Employers who create a new job for persons over age 50 can receive assistance of up to €10 000 per job (OECD 2012). Contrary to Denmark and the UK, Germany also has a quota rule¹¹ stating that in companies with more than 20 employees, at least 5% of staff must be severely disabled (Missoc). Likewise, rehabilitation measures in Germany help to improve the integration of disabled people into working life (Viebrok 2003), and such measures were strengthened as part of a pension reform in 2014 (OECD 2018b; Romeu-Gordo and Sarter 2020). As in Denmark, measures are medical as well as occupational in nature and include education, training and re-training. The primary aim is to restore the capacity to work and avoid early-exit from the labour market.

The UK has no disability pension scheme comparable to the Danish and German programmes. Instead, around the millennium, the UK had a compulsory, contribution-based incapacity benefit system, supporting people out of work due to poor health (Airey and Jandrić 2020). Medical assessment procedures were loose, however, and the incapacity benefit system de facto functioned as a (voluntary) early retirement pathway (Blöndal and Scarpetta 1997). Heywood and Siebert (2009) even argue that incapacity benefits were the British early-retirement scheme.
Eligibility criteria were slightly tightened in 2003, when the ‘Pathway to Work’ programme assisting claimants of incapacity benefits to find a job was introduced (OECD 2018c). This included ‘work-focused interviews’, vocational assessment and rehabilitation (Missoc). Eligibility criteria were further increased in 2007, when the incapacity benefit was replaced with an Employment Support Allowance. The novelty was that anyone claiming this allowance was obliged to have a Work Capability Assessment. This was further reinforced when the ‘Work-Related Activity Regulation’ in 2011 was introduced to activate people with disabilities (Bauknecht et al. 2015; OECD 2018c); a regulation that also included measures to adjust the equipment that the claimant uses at work. The activation system has been criticized for being flawed and inefficient. Particularly since the rejection of applicants has increased strongly and older people with health-related employment problems have been left behind (OECD 2018c), the Employment Support Allowance has continued to function as a pathway to retirement.

3.3 Alternative Pathways Not Intended to Function as Early-Exit Options

The literature on early retirement points out how older workers requiring early retirement may exploit alternative pathways out of the labour market (Kohli et al. 1991), either because formal early-retirement schemes are of poor quality or non-existent, designating that so-called institutional complementarities exist vis-à-vis formal forms of early retirement (Meyer and Bridgen 2008). For instance, older workers in some countries have used the unemployment benefit system as an early-exit pathway (Guillemard 1991; Engels et al. 2017). In reality, a large variety of early-exit pathways exist (Wörz 2011). In addition to the unemployment benefit system, welfare benefits and sickness benefits have been used for this purpose.

3.3.1 The unemployment benefit pathway

Income support for jobseekers is a central pillar in social protection systems, and – intentionally or not – the unemployment benefit system has de facto functioned as an early-exit/retirement pathway (Guillemard 1991; Engels et al. 2017). The possibilities for using the unemployment benefit system as an early-exit route differ widely across our three countries, largely depending on unemployment spell durations among older workers, on the one hand, and the benefit duration and entitlement rules on the other.

In Denmark, wage earners can voluntarily opt for membership of an unemployment insurance scheme, and it is possible to become a member as of age 18 and until two years before the state pension age. Membership involves tax-deductible fees, but schemes receive the bulk of their financing from
From a welfare state towards an enabling state

general taxation. Eligibility criteria request membership for at least one year and that unemployment is involuntary.\textsuperscript{12} In 2000, the duration of unemployment benefits was four years, and until 1 January 2007, the unemployment insurance system de facto functioned as an early-retirement pathway, given how various regulations guaranteed that unemployment benefit recipients between ages 55–59 would not lose their rights to unemployment benefits. Moreover, unemployed older workers were largely transferred at age 60 from the unemployment benefit system to the voluntary, early-retirement benefit system (Jensen 2020a).

To promote later exit, a 2006 reform abolished all special or discriminatory arrangements favouring or disfavouring older workers – with one exception. While the duration of unemployment benefits generally remained four years, it was abbreviated to two years for unemployed workers over age 60. As a compensatory mechanism, ‘early activation’ and a Seniorjob scheme were introduced.

Early activation implied that unemployed persons over age 60 were obliged to accept labour market activation after six months of unemployment, whereas younger age groups were only obliged to accept activation after nine months. The aim of early activation was possibly to push older unemployed workers into the voluntary early-retirement scheme, which entailed savings for the state, since early-retirement benefits only amounted to 90% of unemployment benefits.

The Seniorjob scheme targeted unemployed people over age 55 who had exhausted their rights to unemployment benefits. Thus, the municipality of residency became obliged to provide a senior job to those in this situation. The Seniorjob wages had to be in accordance with the relevant collective agreements, but the character of the Seniorjob being offered to a long-term unemployed individual of the required age need not correspond to their level of qualifications. Moreover, Seniorjobs were not allowed to result from the conversion of regular jobs (Madsen 2012; Jensen 2020a). Around 32% of senior jobbers in 2017 were offered a lower-skilled job than in their previous employment, and around 3500\textsuperscript{13} were employed in a Seniorjob (Christensen et al. 2018).

At the turn of the millennium, public support for the unemployed in Germany was organized as a dual benefit system. On the one hand, there was a rights- and contribution-based, earnings-related compulsory unemployment insurance system (\textit{Arbeitslosengeld}) (Unemployment benefit I). On the other hand was a means-tested, tax-financed social assistance scheme (\textit{Arbeitlosenhilfe}). \textit{Arbeitlosenhilfe} targeted unemployed individuals who had exhausted their rights to insurance-based unemployment benefits. In 2005, however, the social assistance scheme was replaced by a flat-rate, means-tested
Table 3.5 Duration of unemployment benefits for older workers in Germany

<table>
<thead>
<tr>
<th>Age group</th>
<th>Until 2006</th>
<th>After 2006</th>
<th>2008–18</th>
</tr>
</thead>
<tbody>
<tr>
<td>55–56</td>
<td>26 months</td>
<td>18 months</td>
<td>18 months</td>
</tr>
<tr>
<td>57</td>
<td>32 months</td>
<td>18 months</td>
<td>18 months</td>
</tr>
<tr>
<td>58+</td>
<td>32 months</td>
<td>18 months</td>
<td>24 months</td>
</tr>
</tbody>
</table>

Source: Bauknecht (2015), Missoc.

Unemployment Benefit II scheme covering all ‘employable’ people not entitled to Unemployment Benefit I (Steiner 2017).

To qualify for Arbeitslosengeld (in 2004 as well as in 2018), the unemployed individual was obliged to have been a member of an unemployment insurance for at least 12 months and to be involuntarily unemployed, and, as in Denmark, the unemployment insurance functioned as an exit path from the labour market (Hess et al. 2021; Steiner 2017). To increase the incentive to work, however, the Unemployment Benefit I system became subject to major reforms in the 2000s.

Since the mid-1980s, unemployed Arbeitslosengeld recipients aged 58 had no longer been required to be available for work and no longer counted as unemployed if they opted for an old-age pension from age 60, meaning that the unemployment insurance was used as an early-exit pathway (OECD 2018b; Hess et al. 2021). This regulation, known as the ‘58-years rule’ was abolished as of 2007 (Wörz 2011). The incentive to use unemployment benefit as an early-exit pathway was further reduced in 2006, when the duration of unemployment benefits was shortened, although it was lengthened somewhat again in 2008 (Engels et al. 2017). As seen in Table 3.5, the duration of unemployment benefits depends on age in Germany and continues to be relatively generous for workers over age 58.

Parallel to the reduced duration of unemployment benefits, wage subsidies were introduced or old programmes expanded (Entgeltsicherung and Eingliederungszuschuss), given that in 2007, for instance, a special wage subsidy for unemployed workers over age 50 was introduced (Steiner 2017). In December 2010, roughly 71 000 persons participated in these labour market programmes for older workers (Dietz and Walwei 2011).

In the UK, the unemployment benefit insurance is contribution-based and compulsory. The requirement is that unemployment is involuntary and, contrary to Denmark and Germany, benefits are flat-rate benefits amounting to £82/week in 2004 and £83/week in 2018. No evidence or literature points in the direction that the British unemployment benefit system has been used as
an early-exit pathway on a massive scale; most likely because benefit duration between 2000 and 2018 was limited to 182 days in any job-seeking period (Missoc).

### 3.3.2 Welfare benefits

Welfare benefit schemes provide cash benefits to older workers not entitled to or having exhausted their rights to, for example, unemployment benefits. In principle, welfare benefits guarantee a minimum standard of living for all and may function as a pathway out of the labour market, and more so in the UK than in Denmark and Germany. Relevant welfare grants include a myriad of different types of benefits (Frazer and Marlier 2016), although welfare benefits are marked by some common features: they are means-tested, non-contributory, tax-financed and of unlimited duration inasmuch as entitlement conditions are satisfied. The main condition is that claimants are without sufficient means (this includes property or assets) to meet requirements and that family members are unable to provide for the necessary subsistence. In addition to welfare benefits, welfare recipients may receive housing benefits in Denmark and the UK, and parental allowance in Germany (Figari et al. 2013; Hanesch 2016).

In all three countries, claimants able to work must actively look for gainful employment and be available for activation measures (Coady et al. 2021). However, reforms between 2000 and 2018 bear the traits of the dawning of a late-exit age arrangement, as these reforms have strengthened the incentives for individuals to be in work. A ceiling on total payments per household has been introduced in Denmark and the UK (Graversen and Tinggaard 2005; Beatty and Fothergill 2018), active measures have been intensified, and sanctions sharpened. In Denmark, for instance, a recipient’s benefits are cut if they fail to find at least 225 hours of work over a 12-month period (Hjort 2018). Such sanctions obviously have a profound impact on the living situation of the household of the beneficiaries and undermine the attractiveness of using welfare benefits as a retirement pathway.

### 3.3.3 Sickness benefits and health promotion

In all three countries, sickness benefits are cash payments for those who are temporarily unable to work due to illness, and sickness benefits intersect with other benefit types, especially disability benefits. Sickness benefits may precede disability benefits, thereby helping to prolong the disability pathway, but they may also function as a pathway in its own right when preceding old-age pension benefits. It is therefore worth noting how the sickness absence rates increase with age, which to some extent may be explained by the fact that older workers suffer from long-term sickness more often than younger workers (Foster 2018; Spasova et al. 2016).
In 2000, the sickness absence rate in the three countries differed markedly. The average sickness absence percentage was 15 in the EU, while 11.7 in the UK, 12.4 in Denmark and 18.3 in Germany (Gimeno et al. 2004). These differences mirror accessibility to other long-term benefits, as well as the eligibility and quality of sickness benefits.

The UK having the lowest sickness-absence levels may be explained to some extent by the fact that it differs from Denmark and Germany in making use of a waiting period (raised from three to seven days between 2004 and 2018 (Missoc)) combined with relatively easy access to disability benefits. In the early 2000s, the duration of short-term incapacity benefit was 52 weeks, while in 2018 sick people were enrolled in the Employment and Support Allowance system after a 13-week assessment phase (Missoc). Between 2004 and 2018, the duration in Denmark fell from 52 weeks in 18 months to a maximum of 26 weeks before the local authorities must review the recipient’s situation, while in Germany the duration has continuously been 78 weeks over a three-year period.

In all three countries, the claimant must provide a sick note from a doctor in the initial phase of sickness. However, in the UK and especially in Denmark, the control and re-assessment of entitlements and re-employment measures has been sharpened between 2000 and 2018 to encourage recipients to return to work. In Denmark, new regulations in 2008 and 2013 called on local authorities to monitor, control and draw up an assistance plan that may help to improve the recipient’s work ability. The first control takes place before the end of the eight weeks of illness, and the assistance plan (the so-called Job-Plan scheme) must take the nature of illness into account together with the recipient’s needs and conditions (Missoc). In the UK, recipients may become subject to the Work Capability Assessment and rehabilitation measures, which form part of the Employment Support Allowance programme. However, UK studies show that the success of these measures is age-dependent (Brown et al. 2018); that is, the higher the age, the less successful. In Germany, a ‘soft’ return-to-work plan has existed since the late 1980s. Participants increase their working hours gradually over a specified period, and it is voluntary for the employee to participate in the programme (Schneider et al. 2016). Nevertheless, claimants in Germany are obliged to participate actively in preventive medicine and lead ‘health conscious’ lives (cf. Sozialgesetzbuch (SGB) – Fünftes Buch (V) – Gesetzliche Krankenversicherung).

3.3.3.1 Pro-active measures
In the event of health issues, disability and sickness benefits can be considered reactive measures compensating for lost income. With the development of late-exit age arrangement-oriented policies, however, pro-active measures such as health promotion and health protection are emerging. These aim at
improving the work environment to avoid work-related sickness and disabilities in the future, and some actions forming this new trend are mentioned briefly below. As will be seen, soft law (as opposed to hard law) has been employed in all three countries.

In Denmark, the new trend dates back to 1995, where most collective agreements included so-called ‘social chapters’ that facilitated the creation of jobs with wage and work conditions that mirror the health needs of the individual, including older workers, as one of several target groups. Furthermore, the path-breaking welfare reform of 2006 that transformed the early-retirement and pension system included a statement of intent about changing particularly straining routines in the public and private sectors as well as to increase awareness about social risks (e.g. smoking, drinking, obesity) in the workplace (Finansministeriet 2006). Moreover, the Danish Working Environment Service was ordered to be attentive to branches of industry in which employees are at higher-than-average risk of wearing out.

Neither Germany nor the UK have had measures of this kind that are as extensive as in Denmark. In Germany, as of 2013, employers were encouraged by parliament to design work so as to minimize physical and mental strain (Bauknecht 2015), which was followed up in 2017, when the Flexirentengesetz reform introduced voluntary health check-ups from age 45, financed by the statutory pension scheme (OECD 2018b; Romeu-Gordo and Sarter 2020). In 2007, the UK introduced a so-called ‘Health and Wellbeing Award’. The measure is a non-pecuniary award given to so-called ‘inspirational organizations’, and it is the UK’s premier awards scheme for promoting health and wellbeing (cf. Royal Society for Public Health).

4. CONCLUSION

Significant changes in pension and early-retirement policies have occurred between 2000 and 2018 in Denmark, Germany and the UK, indicating a transition from a welfare to an enabling state. Hence, state pension ages have been raised, and every single flower in the bouquet of early-retirement options (early retirement, disability pension, unemployment, welfare and sickness benefits) has been pushed in the same direction. Benefits have been cut and eligibility criteria made stricter, which has even been combined with policies aimed at keeping older workers employed, thereby delaying their move into a position as welfare beneficiaries. These welfare changes have all developed in tandem with the dawning of the late-exit age arrangement, where paid employment is the norm for most social groups.

A central aim for politicians has been to increase the employment rate of older workers by means of welfare reforms, although the success criteria have not been spelled out clearly. As to changes in the employment rate, it is worth
recalling (see Chapter 1) how Denmark is an early/slow mover, Germany a late/fast mover, and the UK an early/slow mover. As such, it is rather interesting to note how this pattern does not mirror the magnitude and frequency of welfare reforms; early-retirement options and the intensity of welfare reforms has been high in Denmark and Germany while relatively low in the UK.

The following paragraphs assess how the welfare reforms in the three countries intersect with rapidly increasing employment rates among older workers. The aim is not to cast doubt on whether welfare reforms are *structuring* and are themselves *structured by* changing practices regarding the employment of older workers. In a life-course perspective, the state pension age is obviously a strong normative signal underpinning the age at which it is time for retirement, making it worth emphasizing that the state pension age is socially – not biologically – structured. Still, increasing the state pension age redefines the norms structuring the life-course and forces older workers with insufficient private savings to prolong their working life.

When assessing the relationship between changing early-exit/retirement policies and changing the older-worker employment rates, the utility of a single-factor approach is rather limited. For instance, cutbacks to early-retirement programmes may have little to no effect on the ‘free choice’ and behaviour of older workers when unemployment or the sickness benefit schemes continue to allow for early-exit/retirement. Thus, the whole configuration of early-exit/retirement options must be analysed to grasp fully how changing early-exit/retirement pathways are related to the changing behaviour of older workers (cf. Jensen 1989).

In the following, first, an assessment of the relationship between changing welfare policies and changing practices will be made separately for each country. This analysis is based on Appendices 3A.1, 3A.2 and 3A.3, and it provides an overview of the major changes in economic welfare incentives and retirement ages together with the changing practices of older workers. Second, all three countries will become subject to an assessment in a comparative perspective.

### 4.1 Denmark

Appendix 3A.1 shows how the employment rate among the 55–64 demographic in Denmark increased from 56% to 60% between 2000 and 2004. Hereafter, it flattened out and fell somewhat, again in connection with the financial crisis (from 61% in 2006 to 58% in 2010). After 2010, the employment rate increased steadily until peaking at 71% in 2018.

Furthermore, Appendix 3A.1 illustrates the relationship between changing practices and major reforms in terms of changing incentives and retirement ages. On the surface, however, the implementation of reforms in 1999, 2003,
2006, 2011 and 2014 do not appear to have had any immediate effect on the employment rate of the 55–64 age group, given that the curve does not break at any point in time. One obvious explanation could be that the implementation of the 1999 reform targeted the 60–64 age group while the 2014 reform targeted workers aged 60–62, such that the 55–64-year curve has thinned out the effects of the 1999 and 2014 reforms. In the figure in Appendix 3A.1, the data have therefore been broken down into smaller age groups, facilitating an assessment of the relationship between employment rates and the 1999 and 2014 reforms.

In the aftermath of the implementation of the 1999 reform, employment rates increased markedly for both the 55–59 and 60–64 age groups. Between 2000 and 2004, the slope coefficient was 0.95 for workers aged 55–59 and 1.52 for the reform target group (i.e. workers aged 60–64). Minor differences in the slope coefficient indicate that the financial incentives built into the 1999 reform only partially intersects with the increasing employment rates among older workers. Rather, growth rates among workers aged 60–64 were embedded in a general trend towards retiring later among all workers aged 55–64.

Unfortunately, the data on employment trajectories among workers aged 60–62 are not publicly available, which renders it difficult to assess the extent to which the 2014 reform is associated with behavioural changes in the target group of the reform. Using the available data, however, the 55–59 and 60–64 age groups will be compared. As seen in the figure in Appendix 3A.1, the pace of employment growth is much higher among the 60–64 years old as compared to those aged 55–59. Between 2012 and 2018, the slope coefficient was 0.52 for the 55–59 age group and 2.51 for those aged 60–64. However, it should be considered how the respective points of departure for the two age groups are quite different. Other things being equal, it is more difficult to increase an employment rate of 76 for the 55–59 years old than an employment rate of 48 for those aged 60–64 (2012). Still, the development trajectories are in accordance with the findings of the Danish Economic Council, which has argued that the 2014 reform cannot exhaustively explain the growth in the employment rate among older workers between 2014–2019. The Danish Economic Council even added that retirement timing is preconditioned by employer preferences and actions (DØR 2021).

4.2 Germany

Appendix 3A.2 shows the employment trajectories among workers aged 55–64 as well as changing incentives and retirement ages between 2000 and 2018 in Germany. As can be seen, employment grew rather slowly in the early 2000s. As of 2004, when the state pension age of 65 for women was being fully implemented, female employment rates could be expected to increase rapidly. Indeed, female employment rates grew rather quickly between 2004 and 2006,
but so did the figure for men. Between 2004 and 2006, the slope coefficient was 3 for both men and women.

Between 2006 and 2011, the early-retirement eligibility age was raised stepwise from 60 to 63, and the 58-year rule was terminated in 2007 and a wage subsidy introduced for workers over age 50. This paralleled sharply increasing employment rates between 2006 and 2011. Between 2006 and 2012, the slope coefficient was 2.1 for men and 2.5 for women (i.e. almost the same). As the rise in the early-retirement age was fully implemented by 2011, one would naturally expect the rise in employment rates to flatten out from 2012, not least because minor political corrections were implemented in 2014 and 2017. Yet for no obvious reasons, employment rates continued to rise relatively quickly between 2013 and 2018 (the slope coefficient between 2013 and 2018 was 1.3 for males, 1.8 for females).

The figure in Appendix 3A.2 shows a very strong increase in employment rates among older workers in Germany between 2000 and 2018 (slope coefficients of 1.9 for men, 2.3 for women). However, it seems as though employment trajectories only partially – as in Denmark – intersect with changes in financial incentives and rising state pension ages.

4.3 The UK

Contrary to Denmark and Germany, public schemes supporting early retirement never fully matured, and no early-retirement culture ever emerged in the UK. Thus, with reference to the figure in Appendix 3A.3, no pension reforms or obvious reasons can explain why the slope coefficient was 1 for men and 1.2 for women between 2000 and 2006. Hereafter, the employment rate flattened out or was even falling for women until 2009 and for men until 2011.

As of 2010, the state pension age was then stepwise raised from 60 to 65 for women between 2010 and 2018, followed by measures to activate people with disabilities as of 2011. These initiatives coincided with rising employment rates among older women. As the figure in Appendix 3A.3 illustrates, the slope coefficient was 1.6 between 2011 and 2018. This dramatic increase cannot solely be explained by the rising state pension ages, given that employment rates for older males also increased without apparent reasons between 2011 and 2018, albeit with a slope coefficient of 0.9.

4.4 Denmark, Germany and the UK Compared

As shown, a general feature in the three countries is that older workers do not respond automatically or mechanically to changes in pension ages. As this chapter shows, however, the developments in public policies are complex. The following will therefore discuss more comprehensively how behavioural...
changes tie in with multi-dimensional changes in public pension and retirement policies, as summarized in Table 3.6.

As Table 3.6 illustrates, the pension systems in the three countries are converging towards principles complying with the ideas and policies of the enabling state. Pension systems have been privatized and a multi-pillar system matured. Furthermore, having abolished compulsory retirement ages, the three pension systems support ‘silver working’; it has become possible to combine pensions and work, and ‘silver workers’ are awarded a premium if they postpone retirement beyond the state pension age, which in 2018 was around 65 in all three countries.

With the evolution of the enabling state, trends in replacement rates and risk-of-poverty rates among pensioners indicate that the quality of pension systems has declined in Germany due to actuarial reductions, while they improved in the UK and improved markedly in Denmark. Pension systems of poor quality may, ceteris paribus, function as an incentive to work longer, given that older workers might prefer to work longer and improve their pension savings rather than retiring early. This mechanism intersects with a very rapid increase in the employment rate among workers aged 55–64 in Germany but is somehow contradicted by the development in the UK and especially in Denmark, where replacement rates have increased from 43% to 80% and the risk-of-poverty rate among those over age 66 has fallen from 24% to 9%. Nonetheless, Denmark exhibits rapidly increasing retirement ages. Thus, no universal trend between replacement rates/risk of poverty, on the one hand, and employment trajectories among older workers, on the other, can be detected in the three countries.

Contrary to the situations in Denmark and Germany, the UK never established a comprehensive early-retirement scheme. But the early-retirement schemes in Denmark and Germany have been subject to major reforms. In these two countries, access to early retirement has been restricted and the eligibility age for early retirement raised. Further policy traits in line with the notion of the late-exit age arrangement in Germany and Denmark are revealed by regulations offering financial incentives to defer early retirement and allowing for combining work and retirement. However, a minor correction was implemented in both countries in the early 2010s, when Denmark introduced a fast-track disability-related early-retirement scheme, while Germany allowed for early retirement for those who have been working since a young age. Still, the question becomes whether the extent to which the early-retirement reforms in Denmark can explain changing employment rates among older workers. Despite major reforms, the slope coefficient in Denmark was 0.6 between 2000 and 2018, while it was 0.7 in the UK (cf. Appendices 3A.1–3).

This may be accounted for by the fact that the British unemployment benefit system never developed into an early-exit/retirement pathway, in contrast to
### Table 3.6 Configuration of formal and informal retirement options

<table>
<thead>
<tr>
<th>Pension systems</th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moving towards a multi-pillar system</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Trends towards privatization</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Is it possible to combine pension and work?</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Eligibility criteria for Pillar 1</td>
<td>Citizenship</td>
<td>5 years contribution</td>
<td>Citizenship</td>
</tr>
<tr>
<td>Replacement rate changes (2000→2020)</td>
<td>43→80</td>
<td>46→56</td>
<td>37→49</td>
</tr>
<tr>
<td>Premium if retirement postponed</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Compulsory retirement age abolished</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Voluntary early retirement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early-retirement scheme</td>
<td>+</td>
<td>+</td>
<td>– (private)</td>
</tr>
<tr>
<td>Premium if early retirement postponed</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>Germany</td>
<td>UK</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>Possible to combine with work</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Eligibility criteria and duration tightened</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Correction: a new scheme has emerged</td>
<td>+ (2011, disability related)</td>
<td>+ (2014, 45 years contribution)</td>
<td></td>
</tr>
<tr>
<td><strong>Disability or incapacity benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Around 2000, medical assessment procedures were loose</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Eligibility criteria have been tightened and work and activation more important</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Has quota rule</td>
<td>−</td>
<td>+</td>
<td>−</td>
</tr>
<tr>
<td><strong>Unemployment benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Around 2000, unemployment benefits functioned as early-exit pathway</td>
<td>+</td>
<td>+</td>
<td>−</td>
</tr>
<tr>
<td>Cuts in duration and activation measures introduced</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Senior jobs subsidized</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td><strong>Welfare benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Used as exit pathway</td>
<td>+</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Activation measures, control and sanctions intensified</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>
both Denmark and Germany. Whatever the case, the unemployment benefit pathway to retirement in Denmark and Germany has been reformed substantially; both countries have experienced cuts in duration, activation of welfare clients, and subsidization of jobs targeting older workers.

In contrast, the disability pension system in all three countries has been used as an early-retirement pathway, given that eligibility criteria and assessment criteria in the early 2000s were rather loose. Subsequently, all three countries have tightened the eligibility criteria, while the activation of disability pensioners has gained importance. Similarly, welfare benefits in all three countries have been used as an early-exit/retirement pathway (more so in the UK than in Denmark and Germany). However, activation measures, control and sanctions have thereafter been intensified.

The way sickness benefits have been used as an early-exit/retirement pathway is less clear-cut. Absence rates due to sickness are high in Germany and low in Denmark and the UK. In the UK, eligibility criteria are rather strict, but activation and re-integration measures have been sharpened in all three countries.

Between 2000 and 2018, all policies in the whole configuration of early-exit/retirement and pension options have been drawn in the same direction; that is, towards the policies associated with the notion of the enabling state embedded in a societal transformation towards a late-exit age arrangement. Changing policies are associated with and linked empirically to increasing employment rates among older workers in Denmark, Germany and the UK. It is thus plausible that by using statistical techniques it is possible to find a correlation between policy change and behavioral change. However, the findings in this chapter suggest that changing employment rates are not linked with welfare state restructuring as a one-to-one relationship, meaning that changing incentives can’t be used as a standalone explanation. The Danish and German cases indicate that similar policy reforms are related to very different employment trajectories between 2000 and 2018. This questions whether changing practices of older workers from a rational choice perspective is a premediated response to changing financial incentives restructuring the economic utility of
retiring early. Changing practices of older workers may equally be associated with changing dispositions, e.g., changing work orientations among older workers, as well as the emergence of a new opportunity structure generated by an increase in the demand for older workers.

NOTES

1. These changes in the welfare state architecture have been conceptualized rather differently; for example from ‘welfare’ to ‘workfare’ (Jessop 1999; Torfing 1999), ‘from the welfare to the competition state’ (Cerny 1997), or from a ‘welfare’ to the ‘social investment’ state (Jenson 2012; Nolan 2013). Basically, the content of these different conceptualizations of changes to the welfare state does not differ substantially.

2. For a critique of the Active Ageing approach, see Foster (2018), José et al. (2017) and Jensen and Skjøtt-Larsen (2021).

3. The idea of ‘free’ choice is the opposite of state-nursed ‘emancipation’.

4. Moreover, the Danish Economic Council (DØR 2021) has argued that increased employment depends on employer willingness to hire and retain older workers.

5. Deductions in relation to the basic state pension was terminated in 2023.

6. To ensure that all employers have access to a good quality, low-cost pension scheme, the government established the National Employment Savings Trust (NEST). The NEST is obligated to accept all employers who wish to establish a pension scheme (OECD 2019a).

7. Strangely enough, this reform was intended to improve state finances. A large share of older adults received state-financed early-retirement benefits, and the benefits levels in the early-retirement scheme were higher than in the state-financed pension scheme. Hence, by forcing early retirees (ages 65–66) into the pension scheme, the state economized on government finances.

8. In 2008, as part of the so-called Job Plan reform, further financial incentives were introduced for people age 64, who have earned less than about €74 000 annually between the ages 57–59 and having worked at least 27 hours weekly and earning at least roughly €21 300 annually while 60–64 years of age.

9. In 2011, roughly 1.1 million Danes were members of the scheme, while only 0.6 million were members by the end of 2012.

10. An additional reform in 2012 improved efficiency in the municipal administration of the fleksjob scheme and restricted disability benefits to individuals over age 40.

11. A similar quota rule was established in the UK in 1944 but finally abolished in 1995 (Barnes and Mercer 2005).

12. Unemployment benefits amount to 90% of previous earnings, albeit with a ceiling (€1867 in 2004, €2501 in 2018; cf. Missoc).
13. This equals slightly less than 1% of total employment among the 55–64 age group.

14. Benefits were income-related in 2004 and in 2018, constituting 67% of previous wage for beneficiaries with children, albeit with a wage ceiling. Thus, Arbeitslosen benefits in 2004 came to €5150/month in West Germany and €4350/month in East Germany, whereas these benefits had risen to €6500/month in West Germany and €5800/month in East Germany by 2018 (cf. Missoc). In 2004, Arbeitslosenhilfe amounted to €3450/month in the West and €2914/month in the East, while it amounted to €4355/month in the West and €3886/month in the East in 2018.

15. Also, allowances promoting self-employment among older workers have existed since 1986 (Bauknecht 2015).

16. The number of recipients by age is very difficult to access.

17. In Denmark, welfare benefits refer to kontanthjælp and starthjælp (the latter targeting immigrants). In Germany, welfare benefits previously referred to Sozialhilfe and Arbeitslosenhilfe, and now to Hilfe zum Lebensunterhalt, Grundsicherung im Alter und bei Erwerbsminderung and Grundsicherung für Arbeitsuchende. In the UK, welfare benefits previously referred to ‘Income support’, ‘Income-based Jobseekers’ Allowance’ and ‘Social assistance’. They now refer to ‘Income Support’, ‘Jobseekers’ Allowance’, ‘Pension Credit’ and ‘Employment and Support Allowance’.
APPENDIX

Appendix 3A.1: Danish Reforms and Changing Practices

<table>
<thead>
<tr>
<th>Year</th>
<th>Reforms and Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999:</td>
<td>lower benefits if retiring between ages 60–61 + a tax-free premium if retiring after age 62</td>
</tr>
<tr>
<td>2000:</td>
<td>Ability to grant disability pension for non-medical reasons abolished + linked to fleksjob scheme</td>
</tr>
<tr>
<td>2001:</td>
<td>Duration of unemployment benefits for 60+ shortened to two years. Early activation and Seniorjob scheme (public job offer to 55+s who have forfeited their right to unemployment benefits) introduced</td>
</tr>
<tr>
<td>2002:</td>
<td>Correction: Senior Disability Pension introduced targeting worn-out workers Contributions refunded to members leaving early-retirement scheme</td>
</tr>
<tr>
<td>2003:</td>
<td>Financial incentives to leave the early-retirement scheme, and deductions from other pension income (e.g. occupational pension) were sharpened</td>
</tr>
<tr>
<td>2004:</td>
<td>Early retirement age, stepwise, raised from 60 to 62, between 2014–17</td>
</tr>
</tbody>
</table>
Appendix 3A.2: German Reforms and Changing Practices

Table 3A.2 Germany: major reforms in terms of changing incentives and retirement ages

<table>
<thead>
<tr>
<th>Prior to 2000</th>
<th>1992: First Rentenreform (first step to close retirement options)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1997: raising SPA for women, 60→65, stepwise, between 2000 and 2004</td>
</tr>
<tr>
<td>2001</td>
<td>SPA for men, 65 years, fully implemented</td>
</tr>
<tr>
<td></td>
<td>Health-related eligibility criteria in relation to disability pension became stricter</td>
</tr>
<tr>
<td>2002</td>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
<td>2005</td>
</tr>
<tr>
<td>2006</td>
<td>Option to retire early was raised stepwise, 60→63, between 2006 and 2011</td>
</tr>
<tr>
<td>2007</td>
<td>58-years rule for unemployed terminated</td>
</tr>
<tr>
<td></td>
<td>Wage subsidy for 50+ unemployed workers introduced</td>
</tr>
<tr>
<td>2008</td>
<td>Duration of unemployment benefits for older workers re-raised to 24 months after having been reduced to 18 months in 2004</td>
</tr>
<tr>
<td>2009</td>
<td>Early-retirement scheme (Altersteilzeitgesetz) abolished (subsidizes part-time work)</td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
</tbody>
</table>
2011
2012 Start raising SPA, 65–67, stepwise, between 2012 until 2029
2013
2014 Correction: early retirement at 63 for long-term insured without pension deductions
2015
2016
2017 Early retirement options broadened by Flexirentengesetz
2018

Source: Eurostat.

Figure 3A.2 Germany: female, male and overall employment rates, ages 55–64, 2000–18

Appendix 3A.3: UK Reforms and Changing Practices

Table 3A.3 UK: major reforms in terms of changing incentives and retirement ages

<table>
<thead>
<tr>
<th>Prior to</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2001</td>
</tr>
</tbody>
</table>
Rapidly increasing retirement ages

2002
2003 Eligibility criteria for incapacity benefits stricter
2004
2005
2006
2007 Eligibility criteria for incapacity benefits stricter + aim to activate people with disabilities
2008
2009
2010 Women’s SPA raised stepwise from 60→65 between 2010–18
2011 Further measures to activate people with disabilities
2012
2013
2014
2015 Pension flexibility facilitating phased retirement (for 55+)
2016
2017
2018 As of December 2018, the SPA for both men and women starts to increase (reaching 66 by October 2020)

Note: 2015: people over age 50 with a defined-contribution pension savings can choose to take out all their pension as a lump sum, withdraw them over time or buy an annuity (OECD 2018c; Airey and Jandrić 2020).

Source: Eurostat.

Figure 3A.3 The UK: female, male and overall employment rates, ages 55–64, 2000–18
4. From closed towards open labour markets

1. INTRODUCTION

Rapidly increasing retirement ages in Denmark, Germany and the UK inevitably intersect with changes in the structure and functioning of labour markets. This book hypothesizes that the development of a late-exit age arrangement – where paid employment is the norm for most social groups – is ideal-typically associated with a transition from ‘closed’ to ‘open’ labour markets, meaning that labour markets in the late-exit age arrangement ideal-typically are more open towards older workers as compared to labour markets in an early-exit age arrangement, where labour markets are supposedly closed.

‘Closed’ labour markets, often theorized as various forms of social closure (see Parkin 1974; Kalleberg and Sørensen 1979), refer to a situation where the ‘participation of certain persons is excluded, limited, or subjected to conditions’ (Weber 1978, p. 43), primarily through the exercise of power, as one group excludes another from participation, in some instances by means of institutional regulations. This implies that meritocratic principles and market exchanges have been substituted for authority decisions (Sørensen 1983). In contrast, ‘open’, universal or all-inclusive labour markets do ‘not deny participation to anyone who wishes to join and is actually in a position to do so’ (Weber 1978, p. 43), indicating that access to positions is founded in meritocratic, free-market exchanges rather than as a result of authority decisions.

Of course, no labour market position is completely open or closed. Rather, closed and open positions are ideal-typically endpoints on a continuum (Elliott 2000). The degree of access to positions on the continuum is often conditioned by the ability of occupational groups to exercise control over access (Kerr 1954; Turner 1962). However, Weber (1978, p. 342) also makes clear that one group of competitors for positions may make use of characteristics of other groups, such as race, language and religion, as a pretext for their exclusion. Obviously, this also includes age, given how older workers are rendered different by physical characteristics (Featherstone and Wernick 1995), which may be used when ranking candidates for new vacancies (Loretto and White 2006; van Dalen et al. 2009; Conen et al. 2012; Mulders et al. 2017). In such cases,
older workers are not judged by their individual characteristics but instead on the basis of characteristics attributed to their age group (Arrow 1973). Such practices, labelled ageism (Ayalon and Tesch-Römer 2018; Ayalon et al. 2019), constitute closed labour market relations vis-à-vis older workers; that is, whether positions are open or closed delineates markedly different opportunities available to older adults.

According to Sørensen (1983) and Myles and Sørensen (1975), various factors may trigger a transition from closed to open employment relations. First, changes in the demand for labour (i.e. an increase in the quantity of vacancies or new positions) impacts the opportunity structure of the system. Second, changes in the supply of labour, which is given by the number of workers entering and leaving (for retirement) the labour market, affect the ‘openness’ of the system, meaning that the population dynamics of the occupational structure condition the character of employment relations. Third, the institutional regulation of labour markets, such as anti-discrimination legislation aimed at supporting the free operation of the market, affect the opportunity structure of competitors for positions (Kalleberg and Sørensen 1979).

The aim of this chapter is to analyse the extent to which increasing employment rates among older workers between 2000–2018 intersect with a transition from primarily closed to largely open labour markets. A multiplicity of interactive factors obviously condition job openings and the employment prospects of older workers. Based on insights from the literature, however, three major factors are hypothesized as conditioning the ‘openness’ of employment relations: the patterns of (1) demand for labour, (2) population dynamics of the occupational structure and (3) the institutional regulation of labour markets.

Evidently, a long range of studies has already analysed these factors and how they relate to the employment prospects of older workers (e.g. Taylor 2008). A review of these studies is presented below, and the findings from these studies will contribute to our hypotheses about how the changing labour force participation of older workers intersects with changing labour market opportunities. The factors that have been identified as conditioning the labour force participation of older adults are: (1) population dynamics in the form of demographic change; (2) changes in the number of vacancies and positions given by macroeconomic vacillations, as well as restructuring of the economy; and (3) changes in the characteristics of jobs and work organizations. The discrimination of older workers and how it is handled by means of anti-discrimination legislation and senior policies at the company level are also examined. It is furthermore argued that the labour force participation of older workers is related to seniority wages, minimum wages and the male–female wage gap. Other institutional factors impacting the opportunity structure are public job centres and active labour market policies.
Each of these factors will be analysed separately in this chapter, while the conclusion of the chapter focuses on the different dimensions of changing labour markets that intersect with the changing practices of older workers.

1.1 Factors that Hypothetically Condition Older Workers’ Labour Market Opportunities

Whether labour markets are open or closed vis-à-vis older workers largely depends on macroeconomic factors framing the demand for labour; that is, the quantity of vacancies and the development trajectories in the number of job positions. More specifically, older workers have been argued to function as a ‘buffer’ in relation to (un)employment trends (Herbertsson 2001; Knuth and Kalina 2002; Ebbinghaus and Hofäcker 2013). Older workers are thus assigned marginal and vulnerable positions in the labour market during periods with high unemployment (Casey 1992; Fisher et al. 2016), whereas effort is made to mobilize and include older workers during periods of labour shortage. Such trends, however, may be counteracted by institutional regulations such as employment protection legislation and life-long employment systems, which tend to reduce turn over rates and the vulnerability of older workers (Jensen 2020b).

The job prospects of older workers may also largely be affected by population dynamics and structural changes in the labour supply. Due to demographic change, the volume of potential jobseekers aged 25–55 will fall as small birth cohorts (born since the 1970s) replace large cohorts in the labour supply. This will likely create more space and work opportunities (i.e. a new ‘life situation’ or new ‘room for manoeuvre’) for older workers (Amann 1983; Qvist and Jensen 2020). In this way, demographic changes may help to ‘open’ labour markets and even help to explain why older workers were not severely affected by the financial crisis in the late 2000s.

Changes in the structuring of the economy also impact the labour market opportunities available to older workers, although the impact of structural change may be undetermined. On the one hand, older workers may be disadvantaged by being over-represented in ‘old’ and stagnating branches of industry (e.g. Marklund 1994). On the other, post-industrial developments (growth of services at the expense of manufacturing) are resulting in new characteristics of job conditions and work organizations. High physical work demands causing older workers to retire early (e.g. Wang 2007) tend to fade away, while more healthy workplaces where people want to work are emerging; that is, job characteristics are possibly becoming more ‘open’ and inclusive (Nilsson 2012; Wang and Shultz 2010).

Retirement-age norms, age stereotypes and discrimination function as social closure towards older workers, while anti-discrimination legislation...
and working-longer policies support inclusiveness and enhance labour market openness (Heckman 1998; Macnicol 2006; Ayalon and Tesch-Römer 2018; Jensen et al. 2019; Jensen 2020b). At the company level, *senior policies and practices* may function as an inclusive instrument towards older workers (van Solinge and Henkens 2007). Senior policies are often defined as human resource management policies dealing with (1) recruitment of older workers, (2) workplace accommodation balancing demands and individual resources and (3) exit strategies, including various forms of phased retirement or bridge jobs and so on (Wang et al. 2008; van Dalen et al. 2015; Qvist and Jensen 2022).

It is frequently argued that older workers’ wages are higher than their productivity justifies, especially under the auspices of a rigid *seniority wage* system, which probably has a negative impact on the demand for this age group (e.g. Wadensjö 1985; Conen et al. 2012; OECD 2015a), as it tends to price older workers out of the labour market. However, wage levels are particularly important for the enrolment of women in the labour market. Hence, high wages render it attractive to join for older women, who would otherwise be outside the labour market. It has thus been argued that wage rates, minimum wages and the *male–female wage gap* have a great impact on female labour supply (Blau and Kahn 2007; Attanasio et al. 2008): the higher women’s wages (relative to men), the higher the utility of paid employment. High minimum wages are assumed to stimulate the labour market participation of lower-educated women, including lower-educated mothers (Cloïn et al. 2011).

Labour markets are not self-regulating institutions. As already argued by Adam Smith in *The Wealth of Nations*, the free regulation of labour (i.e. free market exchanges) is preconditioned by the existence of employment services, as employment services or job centres connect ‘individuals who might never otherwise be known to one another, and [give] every man of the trade a direction where to find every other man of it’ (Smith 1964, p. 117). That is, *job centres* may be central for the promotion of open labour markets in as much as they are attentive to serve job-seeking older workers. In addition, various measures such as *active labour market policies* supporting geographical and occupational mobility may help to improve the labour market opportunities of older workers. A central dimension of open labour markets furthermore refers to the creation of jobs for older workers, which reintegrate them into employment (Hofäcker 2015).

2. **MACROECONOMIC FACTORS AND DEMOGRAPHIC CHANGE**

Developments in the employment prospects of older workers are linked to the overall demand for labour, meaning that the labour market opportunities avail-
able to older workers might be expected to be highly dependent on business cycles and population dynamics. The aim in this section is to map how rapidly increasing employment rates among older workers in Denmark, Germany and the UK are related to (1) the ‘buffer theory’ (i.e. the development trajectories in unemployment), (2) numerical changes in vacancies and job positions and (3) demographic change/population dynamics.

2.1 Developments in Unemployment

Our three countries display different experiences with unemployment (among those aged 15–74) between 2000 and 2018. In Germany, the financial crisis of 2008–2011 hardly impacted the unemployment trajectories; unemployment grew rather steeply in the early 2000s but peaked in 2005 at 11.2%. Hereafter, overall unemployment declined strongly, falling continuously from 11.2% in 2005 to 3.4% in 2018 (see Figure 4.1). In contrast, prior to the financial crisis, unemployment between 2000 and 2008 was rather low in Denmark and the UK, but they suffered much worse from the financial crisis than did Germany. During the financial crisis, unemployment in Denmark grew from 3.7% in 2008 to 7.8% in 2011, while unemployment in the UK grew from 5.6% in 2008 to 8.1% in 2011. Henceforth, unemployment declined in Denmark and the UK and was (almost) back down to pre-financial crisis levels in the late 2010s. In 2018, unemployment was 5.1% in Denmark and 4.0% in the UK. Thus, the ‘buffer-theoretical’ approach would lead one to expect that employment opportunities for older workers have improved in Germany from 2005 and in Denmark and the UK from 2011.

Source: Eurostat (une_rt_a).

Figure 4.1 Unemployment rate, ages 15–74 years of age
Overall unemployment rates conceal how different age groups have suffered differently from unemployment prior to, during and after the recession around 2010. Furthermore, OECD data (OECD 2018d) reveal marked differences in the unemployment development paths of different age groups in Germany, Denmark and the UK.

In Germany in the early 2000s, unemployment was much higher among older workers (aged 55–64) than among prime-age workers (aged 25–54). In 2000, unemployment among older workers was 12.3% versus 7% among prime-age workers. Unemployment rates for the two age groups converged towards 2009, however, and they have experienced more or less identical and declining levels of unemployment since 2009. In Germany in 2017, the unemployment rate among older workers was 3.4% versus 3.5% for prime-age workers.

Denmark exhibits a slightly different pattern. In 2000, unemployment among older workers was 4.4%, while it stood at 4.2% for prime-age workers. In the aftermath of the financial crisis, however, unemployment has been higher for prime-age workers than for older workers. In Denmark in 2017, the unemployment rate for the 25–54 age group was 5.2% compared to 3.7% for the 55–64s.

In the UK, unemployment has been higher for prime-age workers than for older workers since 2000. Additionally, figures show (Eurostat, une_rt_a) how the differences in unemployment rates for the two age groups have been rather constant between 2000 and 2015. When unemployment for prime-age workers went up or down, unemployment for older workers developed accordingly. As of 2015, however, trends towards convergence can be identified, and the unemployment rate was 3.3% for prime-age workers and 3.5% for older workers in 2017 (OECD 2018c).

The experiences from the three countries seem to indicate changes in the unemployment patterns for different age groups; especially in Germany, where unemployment has become more equally distributed between prime-age workers and older workers. Overall, the unemployment rates of different age groups are converging in the three countries. This obviously points in the direction that the ‘buffer theory’ hypothesis no longer holds. The new unemployment patterns are likely to be explained by changes in the demand for labour, which has been an under-researched issue thus far in studies analysing retirement timing (cf. Shultz and Henkens 2010; Wang et al. 2013; Henkens et al. 2018).

2.2 Numerical Changes in Vacancies and Job Positions

Although the macroeconomic framework has not been stable since 2000, GDP has nonetheless increased between 2008 and 2018. Annual average
GDP growth rates have been 1% in Denmark, 1.4% in Germany and 1.1% in the UK (Eurostat, tec00115), and economic growth has resulted in increased demand for labour. Between 2000 and 2018, the annual average growth rates in employment have thus been 0.4% in Denmark, 0.1% in Germany and 0.7% in the UK (Eurostat, nama_10_pe). Annual employment growth rates have been relatively stable in Denmark and the UK, while fluctuating markedly in Germany. Between 2003 and 2011, employment growth rates have been nil or negative in Germany, followed by marked growth since 2013.

Annual average growth rates in employment have resulted in a numerical increase in the demand for labour. Between 2000 and 2018, total employment (ages 25‒64) in Denmark grew from 2,292,000 to 2,350,000 (i.e. by 58,000 persons). In the same period, total German employment increased from 31,797,000 to 36,657,000 (i.e. by 4,860,000), while total employment increased in the UK from 23,062,000 to 27,358,000 persons (i.e. by 4,296,000) (Eurostat, lfsi_emp_a). Parallel to this, overall demographic framework conditions have changed.

2.3 Demographic Change

Despite the overall growth in employment, Denmark and Germany – in contrast to the UK – display a numerical decline in employment for the 25‒54 age group. Between 2000 and 2018, numerical employment for this age group declined by 106,000 (or 5.5%) in Denmark. It fell by 548,000 (2%) in Germany but increased by 2,224,000 (11.1%) in the UK.

These changes in numerical employment tie in with demographic changes and changes in employment rates. In Denmark, the total population aged 25‒54 fell by 85,000 between 2000 and 2018 (Eurostat, demo_pjangroup), while at the same time the employment rate rather surprisingly fell from 84.2% to 82.2% (Eurostat, lfsi_emp_a), leading to a total of 106,000 lost workers in this age group. In Germany, total population for the 25‒54s fell by 2,349,000, which was somewhat compensated for by an increase in the employment rate for this age group from 79.3% to 82.2%, leading to a total of 548,000 lost workers in this age group. In the UK, the total population of the 25‒54 group increased by 1,518,000, which – supported by the employment rate increasing from 80.2% to 84.3% – led to a numerical increase in employment of 2,224,000 among those aged 25‒54.

2.3.1 Job positions and demography combined

Overall changes in the employment patterns between 2000 and 2018 have resulted in a labour-supply deficit: a demographically induced labour shortage. In Denmark, total employment (for those aged 25‒64) grew by 58,000 persons, while the labour supply among the 25‒54 demographic fell by 106,000, leading to a deficit of 164,000. In Germany, total employment grew by 4,860,000, while the 25‒54 labour supply only grew by 548,000, leading to
a deficit of 4,312,000 persons. In the UK, the increased labour demand grew by 4,296,000, whereas the supply of persons aged 25–54 increased by 2,224,000, resulting in a deficit of 2,072,000 persons.

Due to this demographically induced labour shortage, employers have had no other option but to focus on older workers. Accordingly, between 2000 and 2018, the demand for workers aged 55–64 grew by 164,000 persons in Denmark, by 4,312,000 in Germany, and by 2,072,000 in the UK. Thus, a demographically induced labour shortage forced employers to adjust their HR practices (cf. Mulders and Henkens 2019). In line with this, employer attitudes towards hiring and retaining older workers have changed. Evidence from the OECD ‘Late Career Scoreboard’ shows that the hiring rate in Denmark for workers aged 55–64 increased from 9.2% to 10.2%, whereas the retention rate (after 60) increased from 39.8% to 50% between 2006 and 2016.1 In Germany, the hiring rate grew from 4.8% to 5.1% and the retention rate (after 60) from 35.8% to 60.6%. The UK developments are less striking, the hiring rate growing from 7.5% to 7.8% and the retention rate (after 60) from 43.8% to 50.7% (OECD 2016a). This points in the direction that employers have increasingly focused on retaining older workers.

3. EMPLOYMENT PROTECTION, DISCRIMINATION, AND FLEXIBLE WORK ARRANGEMENTS

Growth in the demand for labour is as suggested associated with an increase in job stability and less job turnover, which may safeguard older workers from disorganized work-to-retirement transitions. Between 2000 and 2018, the proportion of employees with job tenure of less than one year has thus fallen from 22% to 19% in Denmark, 15% to 14% in Germany and 20% to 16% in the UK (OECD.Stat), and it is noteworthy how, already in 2013, the separation rates2 were lower for those aged 55–64 than for those aged 25–54 in all three countries (OECD 2015a, Figure 4.1). These new features may be associated with changes in (1) employment protection, (2) declining discrimination against older workers and (3) the introduction of flexible work arrangements targeting older workers at the company level.

3.1 Employment Protection

It is rather well documented that the strictness of employment protection is associated with longer tenure (e.g. Berglund and Furäker 2016). Questions have been raised, however, as to whether older workers unambiguously are benefitting from employment protection. Employment protection reduces the risk of older workers being laid off and becoming unemployed, but it suppos-
edly also makes employers more reluctant to hire older workers (Bornhäll et al. 2017). Overall, while separation rates are lower for those aged 55–64 than those aged 25–54, hiring rates are much lower for the older cohorts. However, it is worth mentioning that employment protection is not exclusively targeting older workers, given that the rules providing employment protection generally do not depend on age but on job tenure, although tenure and age may be correlated.

Employment protection has different forms (individual and collective dismissal provisions) and may be organized as primarily national policies and/or as collective or company agreements, whereby different groups of employees may be differently protected against arbitrary dismissals (Dolado et al. 2005). However, the OECD has constructed a summary index for the strictness of employment protection, showing that the strictness of employment protection has risen slightly in Denmark from 2000 to 2018 (from 1.47 to 1.53), remained unchanged in Germany (at 2.6) and declined slightly in the UK (from 1.51 to 1.35) (OECD.Stat).

These figures indicate that the overall upward-sloping employment trends among older workers since 2000 in our three countries are independent of changes in employment protection regulations. Worth noting, however, is that unfair dismissal claims in Germany and the UK are not allowed after age 65, and as of 2004, German legislation allowed for the use of open-ended, fixed-term contracts with workers aged 58 and older (OECD 2004, 2005c), although this appears to have had little effect.

### 3.2 Age Discrimination

Age discrimination in the sense of restricting older workers’ career pursuits and employment prospects is a widespread phenomenon in Europe (e.g. Ayalon and Tesch-Römer 2018), and age discrimination describes a situation in which equally productive people are treated differently on the basis of their age or crude ‘age proxies’ (e.g. Heckman 1998). Age discrimination has affective, cognitive and behavioural dimensions (Posthuma and Campion 2009; Bal et al. 2011; Solem 2016) rooted in stereotypes and prejudices based on chronological age.

Studies in the field of labour market discrimination have used correspondence experiments (for an overview, see Baert 2018) and studied how employers view the employability of older workers. The studies of employer perceptions have found employers to commonly believe that older workers lack flexibility, are prone to ill health, that their capacity for learning new skills is low and so forth (e.g. van Dalen et al. 2009). Such ageist attitudes most likely influence the probability of employers engaging in discriminatory practices (Henkens 2005; Jensen 2022a).
The means to combat age discrimination have included soft as well as hard regulations. The former have primarily been conducted as discursive campaigns aimed at influencing how employers view older workers (see Chapter 2), while the latter have taken the form of anti-age discrimination legislation, framed by the EU Equal Treatment Directive of 2000. This directive was supposed to be implemented by all EU member states by December 2003, but was first implemented in Denmark in 2004, and in 2006 in both Germany and the UK (Bauknecht 2015; Bauknecht and Barslund 2015; Bauknecht et al. 2015).

The effect of anti-discriminatory policies is difficult to measure and evaluate. Data on employers’ discriminatory practices are difficult to obtain, and longitudinal data describing the phenomenon in a comparative perspective hardly exist. Still, Eurobarometer has surveyed the magnitude of discrimination. Using these data, Table 4.1 provides indication of how perceived age discrimination has shifted from 2008 to 2015.

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>Germany</td>
<td>34%</td>
<td>30%</td>
</tr>
<tr>
<td>UK</td>
<td>48%</td>
<td>45%</td>
</tr>
<tr>
<td>EU-27 (in 2008)/EU-28 (in 2015)</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

*Note:* The question in the 2008 and 2015 survey ran as follows: ‘could you please tell me whether (discrimination on the basis of age), in your opinion, is very widespread, fairly widespread, fairly rare or very rare in your country’.


As can be seen from Table 4.1, the perception of the prevalence of age discrimination has remained unchanged in the EU area between 2000 and 2018. In the same period, however, the perceived occurrence of age discrimination has fallen in Denmark, Germany and the UK, which coincides with a rise in labour force participation rates of older workers in the three countries between 2000 and 2018.

### 3.3 Flexible Work Arrangements – and Part-Time Work

Age management is widely believed to be an effective instrument to get older workers to stay on. Especially flexible work arrangements such as bridge employment and phased retirement are expected to affect the retirement intentions and desire to continue working of older workers until or beyond
From closed towards open labour markets

the statutory retirement age (Armstrong-Stassen and Schlosser 2011; Alcover and Topa 2018; Vanajan et al. 2020; Jensen 2022b). Accordingly, since about 2000, interventions aimed at behavioural change, such as awareness campaigns encouraging employers to manage an age-diverse workforce, backed by knowledge transfer and collective and/or company agreements (for an overview of collective and/or company agreement in our three countries, see Naegele and Bauknecht (2017)) – combined with a shortage of skilled workers (see below) – has helped employers and managers to assume more positive attitudes towards older workers (e.g. Deller 2015). At the company level, this has led to interest in and implementation of age management practices (Walker 2005), and more and more employers are implementing human resource measures aimed at sustaining the work ability and employability of their older employees (e.g. Hermansen 2014).

However, the effect of stronger age management practices among employers is unclear and may be somewhat overestimated (Earl and Taylor 2015). There are no statistics showing the extent to which a rise in flexible work arrangements is translated into retention. Supposedly, for instance, a rise in flexible work arrangements would lead one to expect that average tenure has increased and that the prevalence of part-time work has risen among workers aged 55–64. Yet average tenure between 2000 and 2018 has remained largely unchanged for the 55–64 demographic in Denmark, Germany and the UK (cf. OECD.Stat), and the same general pattern appears regarding part-time work. The share of 55–64-year-olds in part-time jobs has fallen slightly in Denmark between 2000 and 2018 (i.e. from 14.6% to 10.8%), increased in Germany (from 21.1% to 23.7%), and fallen in the UK (from 29.1% to 28.4%).

4. STRUCTURAL CHANGE IN THE ECONOMY

It is often argued that structural change in the economy away from manufacturing and towards the service sector increases employment opportunities for older workers, since service sector jobs are less physically demanding (e.g. Taylor and Walker 1994; Disney and Hawkes 2003). Hence, all three countries have shown a long-term trend in terms of a relative decrease of employment in agriculture and industry, while the average proportion of employment has increased in the service sector. OECD data show (OECD.Stat) that between 2008 and 2018, the proportion of total employment in the service sector has increased from 74% to 79% in Denmark, from 69% to 71% in Germany and from 77% to 81% in the UK. These trends are supposedly opening labour markets up for older workers and helping to create working conditions that are conducive to working until retirement. This trend had already started in the 1980s and 1990s, which has affected the opportunities available to ageing
workers to stay on as they are less worn out and work presents less of a physical challenge as they age.

However, cohort and gender differences in economic activities do exist. Among the 25–49 age group in 2008, 28% in Denmark, 33% in Germany and 23% in the UK were employed in ‘old’ branches and manual occupations; that is, in agriculture, forestry, fishing, mining, manufacturing, electricity and construction (Eurostat, lfsq_egana). The proportion of females aged 55–64 working in these occupations amounted to 38% in Denmark, 52% in Germany and 43% in the UK, while the figures for men aged 55–64 were 44% in Denmark, 54% in Germany and 43% in the UK. This pattern clearly shows that older workers are over-represented (cf. Marklund 1994) in ‘old’ manual occupations, where they are subjected to a heavy physical workload, making them vulnerable to physical disabilities and nudging or forcing them into early retirement (Andersen et al. 2019). Still, as the trend is that the proportion of older workers employed in manual work has been massively declining since the 1970s, a declining proportion of workers have been suffering from work conditions between 2000 and 2018 that may lead to early retirement.

Recent studies have shown that company size influences the employment opportunities of older workers. Large companies are more inclined to retain older workers than small companies (e.g. Jensen et al. 2020b). However, focusing on the so-called ‘business economy’ rather than the economy as a whole, between 2007–2014 no clear pattern in the development of enterprise size in the three countries can be found (OECD 2011b, 2017b). In Denmark and Germany, the proportion of workers employed in small enterprises (1–19 employees) has increased slightly, while the proportion of workers employed in large companies (250+ employees) has decreased in Germany (from 40% to 37%) and increased in Denmark (from 34% to 36%). By contrast, the proportion of workers employed in small enterprises has decreased in the UK (from 31% to 26%), while the proportion of workers employed in large companies has increased slightly from 46% to 47%. OECD data thus seem to indicate that there is no clear association between changes in company size and the overall increase in the employment rate of older workers.

That no clear pattern can be found between changes in enterprise size and older-worker employment probably owes a lot to business dynamics (i.e. the constant birth and death of enterprises). To support new enterprise creation, self-employment or entrepreneurship has been encouraged and supported by most governments in the Western world, and such initiatives have even been targeted at older workers in Germany and the UK – although not in Denmark.

In Germany those starting their own business, especially if unemployed, are supported by a broad repertoire of tools, containing among others financial assistance and consulting services (‘Bridging allowance’ since 1986). This also includes founding allowances (Gründungszuschuss), special loans for
long-term unemployed, as well as subsidies/loans for additional equipment 
expenses (BMAS 2015). Further, since 2006 the construction of voluntary 
unemployment insurance (the self-employed do not normally have unemploy-
ment insurance) can especially give those founders who were employed some 
security, as in the case of failure they can fall back on (high) earnings-related 
unemployment benefits instead of means-tested (household-level) benefits. 
Furthermore, self-employed ‘silver workers’ are not treated differently from 
the dependently employed.

In the UK, the main initiative for older (50+) self-employed workers 
is the ‘The Prince’s Initiative for Mature Enterprise’ (PRIME). Founded 
by the Prince of Wales, it provides training, mentoring, networking and 
more. In practice, however, many older self-employed work relatively little. 
Self-employment is partly a mask for unemployment or a means to work 
part-time, if it is not possible to do so as an employee.

Despite these political initiatives, development trajectories are not clear-cut. 
Data from the OECD (2016a) ‘Late Career Scoreboard’ clearly signal that the 
incidence of self-employment in the 55–64 age group has increased in the UK 
between 2006 and 2016 (i.e. from 18.7% to 20.6%), while falling in Germany 
(from 17.3% to 13.8%) and Denmark (from 13.4% to 11.8%).

5. WAGES AND WORKHOURS

In a review of the literature, Fisher et al. (2016) have shown how studies 
investigating the effect of wage rates on retirement timing have revealed 
mixed results. This is hardly surprising, since a given wage may have different 
meanings and steering effects, depending on whether wages are analysed from 
a demand- or supply-side perspective.

From a demand-side perspective, annual wages may function as a crude indi-
cator of labour costs conditioning labour demand, meaning that higher wages 
may lead to reduced employment. Figure 4.2 shows average annual wages per 
full-time and full-year equivalent employee in the total economy in constant 
prices. As can be seen, wages have grown almost continuously in Denmark 
between 2000 and 2018. Wages in Germany have been stable between 2000 
and 2009, and increased since 2009; that is, German wages mirror develop-
ments in unemployment, which were very high in the early 2000s (see Figure 
4.1). As to the UK, wages increased prior to the financial crisis, since which 
time wage movements have flattened out. Overall, however, wages (i.e. labour 
costs) have increased between 2000 and 2018, which may have affected the 
demand for labour negatively.

Rising wages may function as an obstacle to the employment of older 
workers, especially under the austerity of a rigid seniority wage system, where 
wage increases are automatically linked to tenure rather than individual perfor-
Rapidly increasing retirement ages

This trade-off obviously does not apply inasmuch as seniority wages reflect productivity gains associated with experience. Furthermore, in all probability, seniority wage systems are not widespread in the three countries. The data show that the age-earning profiles (in the private sector) in Denmark, Germany and the UK are relatively flat (OECD 2004, 2005c, 2015a), meaning that there is no reason to expect older workers to suffer disproportionally from seniority wages from a demand-side perspective.

Moreover, rising labour costs may not reduce the demand for labour inasmuch as they are met with equivalent productivity increases. The OECD (2016b, 2019b) provides data on the average annual growth rate in labour productivity (total economy) between 2008 and 2018, meaning that it is possible to calculate whether wages have been decoupled from productivity over this period of time. Annual average productivity growth rates have been 0.9% in Denmark, 0.7% in Germany and 0.2% in the UK, while average annual growth rates for wages have been 0.98% in Denmark, 1.35% in Germany and 0.24% in the UK. At an aggregate level, these figures point in the direction of a decoupling of wages and productivity, and even more so in Germany as compared to Denmark and the UK, where the decoupling is less pronounced. Nonetheless, as already mentioned, all three countries – and Germany especially – displayed a numerical growth in the demand for labour between 2000 and 2018.

From a supply-side perspective, rising wages imply that the utility of working increases, which may have triggered an increase in labour supply between 2000 and 2018 (see Appendix 3A). Evidence even seems to indicate that higher income encourages older workers to retire later (Zappalà et al. 2008) – or stimulate the entry of older workers into the labour market. The latter has

Figure 4.2 Average annual wages, constant prices at 2019, US dollars

Source: OECD.Stat Average annual wages.
special bearing with regard to female workers. Thus, the male–female wage gap supposedly has a great impact on the female labour supply (Blau and Kahn 2007; Attanasio et al. 2008; Cloïn et al. 2011): the higher women’s wages (relative to men), the higher the utility of paid employment. This means that high female wages have a strong, positive effect on their labour force participation.

Figure 4.3 shows how the gender wage gap has developed between 2000 and 2018. The data depicted clearly show that women fare worse than men regarding their wage income and that differences between the three countries exist. Danish women are better off than German and British women. Nonetheless, the gender pay gap closing somewhat in all three countries may function as an incentive for female labour force participation.

Changes in the relative wages of women mirror the changes in the female employment rate between 2000 and 2018. While the gender pay gap diminished, the employment rate for 55–64-year-old women increased markedly, especially in Germany, where the employment rate of older women grew from a very low to a very high level (see Figure 4.4). At the same time, Denmark and the UK experienced dips in growth rates during and in the aftermath of the financial crises in the late 2000s. Changing employment rates among women have contributed substantially to the overall growth in employment among older workers, helping to narrow the differences in the employment rates of older men and women. In percentages, the gender differences in the employment rate among older workers fell from 17% to 9% in Denmark, 17% to 9% in Germany and 18% to 9% in the UK between 2000 and 2018.
Rapidly increasing retirement ages

These trends are to some extent related to the fact that part-time work is more widespread among women than men, and older women are particularly more likely than men to work part-time (Street 2017). However, the gender gap among part-time older workers is smaller in Denmark than in Germany and the UK. In 2018, 11% of men and 32% of women aged 55–64 were working part-time in Denmark, while the figures were 10% for men and 52% for women in Germany, and 16% for men and 49% for women in the UK (Eurostat, lfsi_pt_a).

The proportion of older, part-time working women has been relatively stable between 2000 and 2018. In Denmark, the proportion of older, part-time working women has fluctuated around an average of about 34%. The proportion of older women working part-time in Germany has also been rather stable, albeit with a relatively modest increase between 2000 and 2018 from 48% to 52%, leaving Germany with a very high proportion of part-time older workers. Germany is thus well above the EU-28 average (36% in 2018). Similarly, the UK shows stable and high part-time rates among older women. The proportion of older, part-time working women has fluctuated around an average of 51%. Overall, the rapid growth in employment among older workers between 2000 and 2018 cannot be said to have been driven by an increase in part-time work, as part-time rates for older women have been rather stable over time.

It has been argued that part-time work usually takes the form of temporary or precarious work. In Germany, for example, it is in the form of the so-called ‘mini-jobs’ that go beyond the collectively agreed labour contracts (Vickerstaff et al. 2017; Konle-Seidl 2021). However, part-time work arrangements are usually somewhat voluntary, for both older workers and
From closed towards open labour markets

prime-age workers, and the proportion of workers suffering from involuntary part-time work tends to decrease. For instance, the proportion of part-time workers aged 55–64 reporting that they were working part-time because they ‘could not find a full-time job’, between 2012 and 2018 fell from 18% to 12% in Denmark, from 18% to 11% in Germany, and from 13% to 9% in the UK (Eurostat, Ifsas_epgar). This trend seems to indicate that labour markets are opening up towards older workers.

6. WORK CONDITIONS AND JOB CHARACTERISTICS

An extensive number of studies have analysed how the content and organizational context of work is interlinked with retirement behaviour. The general conclusion is that a poor physical work environment, heavy lifting, demanding work conditions, lack of job control and so on contribute to stress, occupational injuries and negative health outcomes, which in turn results in deteriorating work ability, to sick leave and to early retirement (e.g. Karasek 1979; Ilmarinen 2005; Siegrist et al. 2006; Thorsen et al. 2011, 2016; Nilsson 2012; Finkelstein et al. 2015; Zacher et al. 2017). This is particularly the case for blue-collar and low-skilled workers in the service sector (Hokema 2017; Meng et al. 2020). Not surprisingly then, governments in Denmark, Germany and the UK have launched initiatives since 2000 to enhance job quality and workplace safety.

In Denmark, the Danish Working Environment Authority (Arbejdstilsynet) is responsible for drawing up rules and providing information on workplace health and safety, as well as for carrying out workplace inspections. In addition to these administrative efforts, governments have encouraged better working lives by means of subsidization or financial assistance to companies voluntarily engaged in developing innovative best practices in relation to the work environment. For instance, as part of the Danish Welfare Agreement in 2006 (see Chapter 3), a prevention fund was established supporting innovative measures with the aim of improving workplace health and safety. Also, in 2012, the Fund for Better Working Environment and Labour Retention was established with the aim of preventing physical and mental impairment, work-related accidents, occupational diseases and early-exit from the labour market (OECD 2015a). But 2015 was the last year that companies could apply for financial assistance from the Fund for Better Working Environment to improve their work environment (OECD 2018a).

The German system for workplace safety and health has a dual structure. It comprises state health and safety provisions (at the Federal and Land levels) and independent accident insurance institutions (Berufsgenossenschaften). Accordingly, the legislative and enforcement powers are shared between the
Federation and Länder, on the one side, and insurance bodies on the other. Of course, employers must comply with regulations. As in Denmark, however, as of 2005, preventive measures have gained in importance, and these preventive measures encompass the whole of society and not just members of the labour force; that is, the activities include schools, nursing homes etc. The Stiftung Prävention und Gesundheitsförderung was established to support financially innovative, sector-specific and cross-company activities, and these activities have been backed by health information campaigns aimed at drawing attention to and monitoring the quality and effects of preventive instruments (e.g. OECD 2005c).

As in Denmark and Germany, British employers are required to meet all health and safety obligations covered by a range of legislation. The Health and Safety Executive (HSE) is the national regulator for health and safety. The HSE is an executive non-departmental public body, sponsored by the Department of Work and Pensions. It is responsible for the encouragement, regulation and enforcement of workplace health, safety and welfare. As in the Danish and German cases, the HSE has launched numerous national awareness campaigns aimed at reducing the number of workplace accidents, injuries and ill health (OECD 2004, 2018c).

The safety and health initiatives in the three countries may lead one to expect that working environment and conditions have improved since 2000. As depicted in Table 4.2, Eurostat provides data showing how older workers perceive the organizational and social aspects of their working conditions in 2005 and 2015. The social aspects of work refer to social relations and interactions in the workplace; that is, relationships with co-workers and one’s supervisor, and studies have found poor workplace relations to cause stress and depressive disorders (e.g. Chadsey and Beyer 2001; Dextras-Gauthier et al. 2012). In addition, as argued by Karasek (1979) in the Job Demand Control Model, stress and poor health may also be the outcome of high demands, such as work intensity and decision latitude (e.g. job autonomy).

Table 4.2 shows how older workers in 2005 and 2015 perceive their job characteristics, such as job autonomy, work intensity, relationships with co-workers and relationship with supervisor. As the table illustrates, changes in the perceptions of job characteristics are rather mixed. In Denmark and Germany, organizational features such as job autonomy and work intensity have improved, while they have deteriorated in the UK. Conversely, social relations (i.e. relationships with co-workers and supervisor) have worsened in Denmark and Germany but improved in the UK. These different development directions indicate how rapidly increasing employment rates among older workers can only to some extent be attributed to better working conditions for older workers.
Table 4.2  Working conditions for workers aged 55–64

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Job autonomy: Percentage of employed persons able to choose their work methods or influence their work pace</td>
<td>87%</td>
<td>92%</td>
<td>81%</td>
<td>84%</td>
<td>83%</td>
<td>73%</td>
</tr>
<tr>
<td>Work intensity: Percentage of employed persons having to work at very high speeds or to tight deadlines</td>
<td>54%</td>
<td>42%</td>
<td>46%</td>
<td>40%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Relationship with co-workers: Percentage of employed persons with good relationships with their colleagues</td>
<td>82%</td>
<td>78%</td>
<td>70%</td>
<td>63%</td>
<td>64%</td>
<td>80%</td>
</tr>
<tr>
<td>Relationship with supervisor: Percentage of employees with a good relationship with their supervisor</td>
<td>70%</td>
<td>66%</td>
<td>57%</td>
<td>43%</td>
<td>57%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Source: Eurostat (qoe_ewcs_7b1; qoe_ewcs_7b5;qoe_ewcs_7a1; qoe_ewcs_7a2).

7. ACTIVE LABOUR MARKET POLICIES

The primary purpose of active labour market policies is to increase the number and improve the quality and employability of workers, either by mobilizing new recruits into the labour market (making people enter or re-enter the market) or by retaining employees otherwise considering exit or who are at risk of being pushed out of the labour market. The various measures taken to mobilize labour supply include guidance in job-seeking, training or retraining, subsidies to decrease labour costs, as well as help to disadvantaged groups, including older workers. For methodological reasons, it is very difficult to measure the net effects of active labour market policies on employment, and the findings are contradictory (albeit predominantly positive). Especially the German WeGebAU programme is found to have been successful (Singer and Toomet 2013).

As for training, a basic problem is that the enrolment in such programmes is largely dependent on age and education. Young, well-educated workers participate more frequently in training than do older workers (OECD 2018d), which is probably why Germany and the UK have developed training programmes targeting older workers. As part of the ‘New Deal 50 plus’ programme from 2000 in the UK, older workers were offered a training grant amounting to £1500 upon taking up employment, either to improve existing skills or to take up new skills helping them to remain in work. In Germany, the ‘50 Plus’ programme running from 2005 to 2015 included further vocational training (Hess et al. 2021). Another training programme in Germany, the so-called
WeGebAU programme, introduced in 2017, aimed at training low-skilled workers aged 45 and above (van den Berg et al. 2023). By contrast, no training programmes specifically targeting older workers were established in Denmark.

The policies beyond active labour market policies are obviously constructed to recruit or retain older workers. In Denmark and the UK, for example, temporary tax credit arrangements have served this purpose. To increase employment among seniors in Denmark, a generous tax credit was introduced as part of the ‘Job Plan’. Between 2010 and 2016, it was targeting persons born between 1948 and 1952 working at least 27 hours a week at age 64, while the British government introduced working tax credits for the over-50s working at least 16 hours weekly and earning at least £15 000 annually as part of the New Deal 50+ (e.g. Flynn 2010). By contrast, public and private companies with 20 or more employees in Germany are obliged to follow a 5% employment quota rule for disabled persons (Bunt et al. 2020).

7.1 Employment Services

Until the turn of the millennium, older workers tended to be seen as a peripheral and marginal part of the workforce, even among public authorities. In Denmark, for instance, the employment services neglected workers over age 50, who did not have the same rights and obligations regarding ‘activation’ (e.g. job-training, education) as younger unemployed persons. And until the 2006 welfare reform (see Chapter 3), people over age 60 did not have the same rights and duties as unemployed people in general. Rather, public authorities (e.g. the employment services) expected older workers to exit the labour market.

As of about 2000, however, new practices emerged in the employment services. The employment services became more efficient in all three countries, as job search assistance became more individualized and counselling intensified. In Denmark, activation became dialogue-based (e.g. Born and Jensen 2010), and an Employment Reform amended by the Parliament in 2014 placed those over age 50 at the frontline of the employment service activities. This entitled unemployed workers over age 50 to activation after no more than three months of unemployment, and the employment services were obliged to focus on direct job matching and contact with enterprises for this group of unemployed. Also in Germany, individual counselling and coaching was considered a crucial part of the 50 Plus programme. As of 2012, the programme offered counselling and guidance to hard-to-place jobseekers (Interne ganzheitliche Integrationsberatung) and have helped to improve the employment prospects of unemployed older workers (Hess et al. 2021). Similarly, a long series of British reforms has helped to improve job centre services vis-à-vis older workers. As part of the New Deal 50+ Programme (2000–2009), unemployed
From closed towards open labour markets

older workers were offered advice and guidance from a personal advisor about finding new employment. Complementary to this, the regional ‘Experience Works’ programme, launched in 2000, targeted the over-45s by assisting with CV writing, interview preparation, confidence building, work placement and so on (European Commission 2006). As of 2009, the ‘Next Step’ programme, targeting over-50 adults as a priority group, aimed at helping people to assess their skills, develop learning and career plans, and make more effective choices. This programme was replaced in 2012 by the National Careers Service, which brought together elements of previous publicly funded career services, including face-to-face support (Gov.UK). These services were developed further by the introduction of customer-focused Work Coaches in Jobcentres in 2016.

To further improve the functioning of the job centres – shortening unemployment spells and mobilizing the labour supply in the three countries – governments experimented with outsourcing and contracted the providers of services with outcome-based remuneration (Larsen and Wright 2014; Knuth 2014). Even voluntary organizations and self-help groups have become engaged in helping unemployed older workers looking for work. In Denmark, for instance, Senior Erhverv – a nationwide network – is assisting older (50+) workers to find work. Senior Erhverv was established by unemployed seniors in the mid-1990s and receives support from the Danish government.

7.2 Spending on Labour Market Policies

Other things being equal, the more a country spends on universally accessible active labour market programmes in terms of activation and integration, the higher the expectations regarding labour market outcomes. Among our three countries, Denmark has historically been a high-spending country, Germany a medium-spending country, while the UK spends very little on active labour market programmes. Interestingly, this pattern does not really ‘fit’ with Denmark and the UK as ‘early-moving’ countries; that is, with relatively high employment rates among older workers already in 2000, and Germany as a ‘late but very fast’ mover; that is, with rather low employment rates among older workers in 2000.

Furthermore, public labour market spending between 2000 and 2018 has shown a downward-sloping trend, which mirrors changes in the ‘problem pressure’. Unemployment has thus dropped dramatically since 2000, albeit interrupted by the financial crisis around 2010. Accordingly, it is noteworthy that spending in all three countries rose from 2008 until about 2010. Overall, however, spending on labour markets as a percentage of GDP between 2000 and 2018 fell in Denmark from 4.2% to 2.9% and from 3.1% to 1.4% in
Germany. British data are not available after 2011, but it can be observed that spending was roughly the same; that is 0.5%, in 2000 and 2011 (OECD 2023).

8. CONCLUSION

The aim of this chapter has been to identify some of the institutions, processes, policies and mechanisms interacting with rapidly increasing employment rates among older workers in Denmark, Germany and the UK, three countries representing different labour market models. The observational units discussed in this chapter have been selected based on the hypotheses already formulated by social scientists engaged in studying the factors conditioning the labour market behaviours of older workers. As such, the chapter has been guided by the idea that increasing older worker employment is part of a transition from primarily closed to primarily open labour markets, and that the opening of labour markets for this group of older adults derives from (1) changes in the demand for labour (e.g. numerical changes in job positions), (2) population dynamics and (3) changes in the institutional regulations of labour markets. The observational units analysed in this chapter are summarized in Table 4.3.

<table>
<thead>
<tr>
<th>Demand for labour and demography</th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative growth in job positions</td>
<td>Very strong</td>
<td>Very strong</td>
<td>Very strong</td>
</tr>
<tr>
<td>Overall unemployment</td>
<td>Declining</td>
<td>Declining</td>
<td>Declining</td>
</tr>
<tr>
<td>Demographically induced labour shortage of persons aged 25–54</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retention of older workers</th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment protection</td>
<td>Weak, but increased slightly</td>
<td>Stronger, but no change</td>
<td>Weak, but decreased slightly</td>
</tr>
<tr>
<td>Turnover rates</td>
<td>Falling</td>
<td>Falling</td>
<td>Falling</td>
</tr>
<tr>
<td>Retention rates</td>
<td>Strong increase</td>
<td>Strong increase</td>
<td>Small increase</td>
</tr>
<tr>
<td>Anti-age discrimination legislation introduced</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Perception of prevalence of age discrimination</td>
<td>Strong decrease</td>
<td>Moderate decrease</td>
<td>Moderate decrease</td>
</tr>
<tr>
<td>Incentives to stay</td>
<td>Denmark</td>
<td>Germany</td>
<td>UK</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------</td>
<td>---------</td>
<td>----</td>
</tr>
<tr>
<td>Wage rates in constant prices</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Increasing</td>
</tr>
<tr>
<td>Seniority wages</td>
<td>Not prevalent</td>
<td>Not prevalent</td>
<td>Not prevalent</td>
</tr>
<tr>
<td>Wages increase faster than productivity</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Male–female wage gap declines</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Supportive measures**

| Job centres introduce individual counselling vis-à-vis 55–64 age group | Yes | Yes | Yes |
| Spending on active labour market policies | High, declining | Medium, declining | Low, no change |
| Training programmes targeting older workers | – | + | + |

**Structural economic change**

| Governments initiate measures to enhance job quality | Yes | Yes | Yes |
| Working conditions improve for 55–64s | Not really | Not really | To some extent |
| Towards a post-industrial economy | To some degree | To some degree | To some degree |
| Older workers are disproportionally represented in manual occupations | Yes | Yes | Yes |

**Changes in employment structure**

| Self-employment among 55–64 age group | Decreasing | Decreasing | Increasing |
| Older workers are disproportionately affected by unemployment | No longer | No longer | No longer |
| Employment rate among 55–64 women | Increasing sharply | Increasing sharply | Increasing sharply |
| Proportion of 55–64 women working part-time | Low, stable | High, small increase | High, stable |

Table 4.3 assumes that the practices (of older adults) and structural features of labour markets are recursively linked, and the table reflects how rapidly increasing employment rates among older workers tie in with deep and profound developments in labour markets. Hence, Table 4.3 suggests that a long
rapidly increasing retirement ages

range of interactive, reciprocal or mutually reinforcing factors (which could be termed ‘loop-back’ mechanisms) have been supportive to the integration of older adults in the labour market. Between 2000 and 2018, rapidly increasing employment rates among older adults in Denmark, Germany and the UK are structuring as well as being structured by

– A dramatic and very strong numerical increase in the demand for labour, which is markedly reducing unemployment.
– A demographically induced labour shortage, referring to the population aged 25–54 declining or not growing fast enough to meet the quantitative growth in new job positions, leaving a massive number of job openings (i.e. new room for manoeuvre, for older workers).
– Changes in the behaviour of employers, meaning that the retention of already employed older workers is increasing.
– Anti-age discrimination measures, which have had some effect, as perceptions of the prevalence of age discrimination have waned.
– How participation in working life has become more attractive.
  • Wages (in constant prices) have increased and the male–female wage gap has decreased, making it more desirable for women in particular to join and remain in the labour market; consequently, employment rates among older women have increased sharply.
  • Work has become less physically demanding as workers age due to the earlier marked increase in service sector employment at the expense of manufacturing, although older workers remain highly overrepresented in manual occupations.
– Policy measures supporting the integration of older adults into the labour market (e.g. job centres have introduced individualized counselling that targets older workers).

The transition towards open labour markets has made older workers less vulnerable. Self-employment among those aged 55–64 has decreased, and older workers are no longer suffering from being disproportionally (compared to prime-age workers) affected by unemployment.

Table 4.3 furthermore shows several ‘misfits’, leading one to assume that some factors in the three countries are to a lesser degree interacting with or preconditioning the changes in the labour market behaviour of older adults in all three countries. These less important factors concern the level and development directions of employment protection, seniority wages, spending on active labour market policies, proportion of older adults enrolled in re-education (declining in Denmark and the UK, increasing in Germany), the effects of government-initiated measures to enhance job quality, and the proportion of women (55–64) working part-time.
NOTES

1. The retention rate is defined as ‘all employees currently aged 60–64 with job tenure of five years or more as a percentage of all employees aged 55–59 five-years previously’, while the hiring rate is defined as ‘employees aged 55–64 with job tenure of less than one year as a percentage of total employees’.

2. The separation rate is defined as ‘the difference between the net employment change rate and the hiring rate’.

3. For a recent discussion of the methodology, see OECD (2020b).

4. Job tenure is measured by the length of time workers have been in their current or main job or with their current employer.


6. Especially women are engaged in ‘mini-jobs’. To modify poor wage conditions, however, a statutory minimum wage was introduced in 2015 (Romeu-Gordo and Sarter 2020).
5. From the male-breadwinner towards the dual-earner family

1. INTRODUCTION

Rapidly increasing female labour force participation rates are making up part of the transition towards the late-exit arrangement. Between 2000 and 2018, there has even been a trend towards the convergence of male and female employment rates. Gender differences in patterns of employment are therefore diminishing. In 2018, women made up approximately 47% of the labour force in Denmark, Germany and the UK (OECD 2019c). As more and more women have become employed and obtained a wage income, they have gained financial independence, which has had major repercussions on social dynamics, including the internal structure of families, gender relations and identities (Jensen 1996, 2017). Thus, changing female employment patterns are forming part of an overall and ongoing (ideal-typical) transition from the male-breadwinner to the dual-breadwinner family model on a Europe-wide scale (e.g. Blossfeld and Drobnic 2002; Pfau-Effinger 2004b, 2005b; Pfau-Effinger et al. 2009).

Within the framework of the male-breadwinner model, where men are primarily responsible for productive roles and women for reproductive roles, female employment either remains low and stable across age cohorts or takes the form of an M-curve. An M-curve indicates that female employment peaks before marriage; that women leave the labour market after getting married or having children; and they typically re-enter the workforce once they have finished raising children or their children have left home. In contrast, in the dual-breadwinner family (aka the dual-worker family (e.g. Henretta and O’Rand 1983) and dual-earner couples (e.g. Kridahl and Kolk 2018)), the female employment profile takes the shape of an inverted ‘U’. The inverted U-curve signals that employment rates tend to be low for young women, as many have not yet finished education; when women have finished their education, employment rates increase gradually until about age 25, hereafter becoming stable; and, finally, employment rates start to decline with the approach of retirement. Hence, a characteristic feature of the inverted U-curve is that employment rates do not ‘dip’ around childbearing and childrearing years.

Figure 5.1 Age–employment (rate) profiles in 2000 and 2018 for women, Denmark, Germany and the UK
Figure 5.1 shows the age–employment profiles in 2000 and 2018 for women aged 15–64 based on employment-to-population ratio data for each of the underlying age groups in Denmark, Germany and the UK. As can be seen, an inverted U-curve is maturing in all three countries. The employment rate for the 2000 cohort declines gradually from ages 45–54 and then takes a pronounced ‘dip’ at 60–64. Between 2000 and 2018, however, the age–employment profile changes significantly, and an overall increase in labour force participation can be observed among older women; the employment rate for 60–64-year-old women has more than doubled in Denmark and the UK, and more than quadrupled in Germany in the same period, meaning that these employment patterns tend to exhibit a genuine inverted U-curve. The changes in behaviour between 2000 and 2018 indicate that older women have increasingly become an important part of the labour force and that older women in 2018 are complying with the employment pattern in the dual-breadwinner family model – or the male-breadwinner/female part-time carer model.

Male employment profiles have historically taken the shape of an inverted ‘U’ (not shown in Figure 5.1). Henceforth, the main aim in this chapter is to analyse how changes in the employment profiles of older women intersect with changes in the family structure among older segments of the population.

First, older women (55+) in the 2000 cohort are probably the last generation of women embedded in the male-breadwinner family model, while older women in the 2018 cohort have adapted to the dual-breadwinner family model (or the male-breadwinner/female part-time carer model). This ideal-typical transition from the male-breadwinner to the dual-breadwinner model will be described theoretically, and this transition will be illuminated empirically by showing how predominant cultural orientations and gender role ideologies have changed.

Second, it will be examined whether the emergence of the dual-breadwinner family is associated with rising divorce rates, the formation of single households and the pluralization of role models. These developments can be seen as processes of defamilialization or the de-standardization of the family.

Third, as labour force participation rates increase among older women, questions regarding the joint timing of retirement among older working couples become topical. Thus, it will be analysed whether retirement timing is increasingly affected by joint decision-making, so that work or retirement is increasingly motivated by spousal support to leave or to remain in the labour force (e.g. Henkens 1999).

Finally, as older women have typically been assigned the role as caregivers for grandchildren and frail older relatives, the risk of older women retiring early have previously been high. However, following the development of family policies that support the family in its caring function (e.g. Leitner 2003), the question becomes to what extent this has helped women to reconcile
work and family life, thereby paving the way for the active participation of older women in the labour market.

2. THE EMERGING DUAL-BREADWINNER FAMILY MODEL

Convincing arguments have been made that gender roles and marital relationships have major implications for how men and women approach and adapt to paid work and retirement (e.g. Barnes and Parry 2004). Inasmuch as socially defined roles and marital relationships change, epitomized as an ideal-typical transition from the male-breadwinner to the dual-breadwinner family model, the attachments of individuals to the labour market will inevitably change accordingly.

The male-breadwinner family model is anchored in highly segregated roles and positions of men and women in the division of labour. The male-breadwinner family model stipulates that men are engaged in paid work while women are engaged in unpaid and informal work, primarily household tasks. This type of family predominates in societies where ‘male values’ prevail within the framework of an early-exit age arrangement. Due to their position as income earners, men become the primary status-giver and instrumental leader of the family (Parsons 1956, p. 14), meaning that hierarchy and patriarchy become characteristic features of the male-breadwinner family model (Hartmann 1981; Barret and MacIntosh 1982). The male-breadwinner family model does not prevent women from becoming engaged in paid work, however, as the M-curve may be an integrated part of the male-breadwinner family model. Still within the context of the male-breadwinner family model, female wage income ideal-typically remains a so-called ‘optimal extra’ (cf. Parsons 1965), and female wage work primarily takes the form of part-time work.1

The position of women in the societal division of labour and the division between the sexes is redefined in the transition towards the late-exit age arrangement. In the context of a late-exit age arrangement, paid work is the norm for most social groups, including older women. In effect, the family ideal-typically grows into a two-income unit, epitomized as the dual-breadwinner family model. As women earn their own money, they become more financially self-reliant. Women gain a considerable amount of personal freedom and become able to retain an independent identity, which affects interspousal relationships. Patriarchy and hierarchy within the family are ideal-typically no longer tenable. The family becomes more ‘symmetrical’ (Young and Willmott 1980), and equality and democracy become the family steering mechanism.
Changing gender roles intersect with a changing gender role ideology (e.g. Smith and Moen 1998; Szinovacz and Deviney 2000; Kridahl and Kolk 2018) and the reconstruction of perceptions, preferences and female dispositions. Women’s preferences change from being home-centred to becoming work-centred (Hakim 2002); or, as argued by Bourdieu (1977), women change from being ‘inward’ to becoming ‘outward’ looking. In the male-breadwinner family model, women are – ideal-typically – inward-looking and oriented towards reproduction. Thus, in ‘the dark, damp house, full of food, utensils, and children’, women ideal-typically have a centripetal orientation. In contrast, women forming part of the dual-breadwinner model are outward-looking and oriented towards politics and the market (production and circulation of goods), and they tend to have a centrifugal orientation.

Changes in the employment rate of older women between 2000 and 2018 are therefore most likely associated with older women increasingly embracing modern ideas about gender roles. In the context of the dual-breadwinner family model, women are increasingly becoming centrifugally oriented. Unfortunately, the statement, ‘A man’s job is to earn money – a woman’s job is to look after the home and children’, which was used in the International Social Survey Programme (ISSP) surveys of gender role perceptions in 2002 and 2012, has not been repeated in later surveys. Alas, we are not entirely able to follow developments in women’s attitudes, but given that dispositions and orientations are slow to change (Bourdieu and Wacquant 1992), Table 5.1 presents the changes in the gender role ideology held by older women between 2002 and 2012.

As can be seen, changes in the age–employment (rate) profiles (see Figure 5.1) between 2000 and 2018 are associated with women over age 55 abandoning traditional views of gender roles. Unfortunately, Table 5.1 does not cover the entire timespan (i.e. from 2000 to 2018). Nonetheless, Table 5.1 clearly reveals

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>30%</td>
<td>18%</td>
</tr>
<tr>
<td>The UK</td>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>Denmark</td>
<td>22%</td>
<td>9%</td>
</tr>
</tbody>
</table>

N (2002), Germany: 166, UK: 215, Denmark: 248
N (2012), Germany: 354, UK: 222, Denmark: 241

that gender role ideologies are changing. In all three countries, the proportion of women (55+) embracing the statement: ‘A man’s job is to earn money – a woman’s job is to look after the home and children’ almost halved within a period of only ten years.

3. DEFAMILIALIZATION OR DE-STANDARIZATION OF THE FAMILY

It has been argued that the structuring of the male-breadwinner model is based on comparative advantages (Becker 1991) in the sense that women by nature have comparative advantages in domestic work, while men have comparative advantages in the sphere of production. The clear division of labour between the sexes – based on these comparative advantages – creates a strong social interdependency between husband and wife: The wife has no source of income, while her husband can neither feed himself nor care for children. This interdependency helps to create stability in marital relationships, contributing to higher marriage rates and lower divorce rates (Jensen 1996).

As the family turns into a unit with two pooled incomes, epitomized as the dual-breadwinner family model, the comparative advantages of males and females fade to some degree, and the ‘gain from marriage is reduced’ (Becker 1991, p. 55); reciprocal husband–wife interdependency is weakened. As marriage becomes less advantageous or necessary, the inclination to enter into a marriage relationship will decline (Blau and Ferber 1986). Moreover, for those marrying, love, feelings and affection become the central cement of the interspousal relationship. This obviously renders the family more vulnerable to divorce.

Indeed, the marriage rates decline in all three countries between 2000 and 2016. In Denmark, marriage rates fell from 7.2 to 5.4, in Germany from 5.1 to 5.0 and in the UK from 5.2 to 4.4. Undoubtedly, however, these relatively small declines are part of a long-term trend in changing family structures. In 1960, the marriage rate was 7.8 in Denmark, 9.5 in Germany and 7.5 in the UK (OECD n.d. a). While marriage rates have declined, divorce rates have increased in Denmark, from 2.5 in 2000 to 3.0 in 2016, while divorce rates have fallen slightly in Germany (2.3 to 2.0) and in the UK (2.6 to 1.8). Again, changing divorce rates must be seen on the background of a long-term trend. In 1965, divorce rates were 1.4 in Denmark, 1.1 in Germany and 0.7 in the UK, meaning that divorce has increased significantly since the late 1960s.

As an outcome of the long-term trends in marriage and divorce rates, family size and household composition have changed. In 2011, single-person households made up 38% of all households in Denmark, 37% in Germany and 31% in the UK. It is hardly surprising, then, that Eismann et al. (2019, p. 953) find that the ‘number of workers who reach retirement age as singles is substantial
and increasing’, which seems to have consequences for retirement timing. Studies thus indicate that women living alone (because they divorced or never married) retire later than married women (Dahl et al. 2003; Finch 2014; Damman et al. 2015). Indeed, a Danish study shows that the employment rate among single women aged 60‒66 in 2002 was 41% versus only 16% among married women (Nielsen 2004). Single women remain in the labour market for two major reasons (e.g. Jensen 2005). First, a single-person household is relatively more expensive to run than a multi-person household, and single women therefore cannot afford to retire early. Second, single, older workers retire later than do older workers with a partner, because they fear becoming socially isolated if they leave their job and colleagues. This phenomenon is summarized in the ‘the social meaning of work hypothesis’ (cf. Damman et al. 2015).³

As partnership stability wanes, family forms are becoming more complex and diversified. Couples living apart in so-called multi-local households are becoming more widespread (Barnes and Parry 2004). So are same-sex couples, which has repercussions on retirement timing; same-sex couples retire later, not least because they tend to be well educated, have high earnings and are less likely to have children (Kridahl and Kolk 2018).

Although other family forms are emerging (e.g. blended and rainbow families, multi-generational households), the traditional, heterosexual family unit continues to be the predominant model. However, as women become integrated into the labour market, the costs of bringing up children become more obvious (Becker 1993), and the emergence of the dual-breadwinner family is therefore associated with declining fertility and smaller family sizes. Between 1965 and 1983, fertility fell from 2.61 to 1.38 in Denmark, from 2.5 to 1.43 in Germany, and from 2.89 to 1.77 in the UK (OECD n.d. a). The years 1965 and 1983 are compared, because women aged 60 in 2000 were of childbearing age in 1965, while women aged 60 in 2018 were of childbearing age in 1983.

Hence, the comparison does not take into account that the mean age of women at childbirth has increased. Between 1965 and 1983, the mean age of women at childbirth rose in Denmark from 26.8 to 27.3 (OECD n.d. a). Unfortunately, fully comparable data are not available for Germany and the UK. However, data from the mid-1970s in the UK and around 2000 in Germany show clear tendencies towards the mean age of women at childbirth increasing, which undoubtedly affects retirement timing. Hank (2004, p. 195) and Damman et al. (2015) have found that women who start bearing children later in life also retire later.

As the mean age of women at childbirth has risen, it also becomes more common that dependent children remain in households where at least one of the spouses is approaching the state pension age. This tends to reduce the probability of leaving the labour force – especially among men (Henkens 1999; Dahl et al. 2003). A Danish study based on register data confirms that
the presence of dependent children has no effect on the retirement of women, while the presence of dependent children substantially delays retirement among men (Friis 2012). This may also influence opportunities for joint retirement for couples.

4. **DO SPOUSES COORDINATE RETIREMENT?**

As economists otherwise often assume, the decision to enter, remain in or exit the labour market is not made by narrowly self-interested economic actors, disconnected from social relation and social interaction. Rather, individuals make their employment and retirement decisions in a social context and as part of dynamic social groups (Krekula and Vickerstaff 2017), primarily the family (Szinovacz and Deviney 2000; Loretto and Vickerstaff 2013). In the male-breadwinner context, where the wife’s wage income is viewed as secondary, the husband’s retirement timing typically determines that of his wife (Henretta and O’Rand 1983). In contrast, in the symmetrical dual-breadwinner family model, where husband and wife have similar roles and share work and retirement preferences (Johnson and Favreault 2001), they tend to plan for retirement at ages that are close to each other – so-called joint retirement – and numerous studies have shown how joint retirement is an outcome of negotiations and coordination between couples (e.g. Weaver 1994; Blau 1998; Smith and Moen 1998; Henkens 1999; Szinovacz and Deviney 2000; Hank 2004; Moen et al. 2006; Fisher et al. 2016).

Nevertheless, the findings on the prevalence of joint retirement are somewhat ambiguous. Even though couples may have a close relationship and strong disposition towards joint retirement, they may be prevented from retiring together. Coordination problems may result from differences in age, health, labour market status, work conditions, income and pension wealth, or if childbearing and childrearing have been delayed.

It is often maintained that the age gap between spouses is important for predicting retirement behaviour. Couples close in age are clearly motivated to retire jointly. Yet there are usually age differences between spouses. In 2015, for instance, the gender gap regarding the mean age of marriage for men and women was 2.4 years in Denmark, 2.7 years in Germany and 1.9 years in the UK (Eurostat tps00014). In such cases, the older spouse is usually ready to retire before the younger spouse (Johnson 2004). As women are typically younger than their partner, this implies that women are inclined to retire at a younger age than their spouse (Blau 1998; Dahl et al. 2003). This mechanism is nevertheless not clear-cut when age differences are large. Johnson and Favreault (2001) argue that large age differences lead couples to follow a joint retirement pattern, while Gustafson (2017) argues that large age differences undermine retirement synchronization. However, the long-term trends are that
the gap between spouses is decreasing (Christoffersen 2004), which supports coordinated and joint retirement.5

Still, joint retirement can hardly be said to mirror genuine coordination efforts inasmuch as a woman’s retirement timing simply mirrors her husband’s retirement age, especially if she retires despite a disposition towards paid employment and an interesting job in the dual-breadwinner context. In such cases, one would expect husbands to wait to retire until their wife has reached retirement age, which in turn will contribute to an increase in the average retirement age among men (Gustman and Steinmeier 2000; Johnson 2004), as has been the case between 2000 and 2018 (see OECD n.d. b).

Table 5.2 Gender differences in average effective retirement age, 2000 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>3.6 years</td>
<td>2.6 years</td>
</tr>
<tr>
<td>Germany</td>
<td>0.7 years</td>
<td>0.4 years</td>
</tr>
<tr>
<td>UK</td>
<td>1.6 years</td>
<td>1.1 years</td>
</tr>
</tbody>
</table>

Source: own calculations based on OECD (n.d. b).

Table 5.2 shows how the gender difference in the average effective retirement age between 2000 and 2018 has narrowed in all three countries; in Denmark, the average retirement age in 2000 was 63.4 for men and 59.8 for women and in 2018 65.1 for men and 63.6 for women. Thus, in Denmark the gender difference in the average effective retirement age fell from 3.6 to 2.6 between 2000 and 2018, while from 0.7 to 0.4 in Germany and from 1.6 to 1.1 in the UK.

Genuinely joint retirement does not occur if – as observed in some studies – the spouse with the lowest wage follows the retirement pattern of the spouse with the highest wage income (e.g. Henretta and O’Rand 1983). It is nonetheless quite clear that economic resources in the form of earnings – and most importantly, pension eligibility and pension wealth – influence joint retirement (Burtless and Moffitt 1985; Szinovacz and Deviney 2000). As wages and earnings – along with education level – are lower for women than for men, the greater earning capacity of men tends to structure retirement timing for couples; that is, ‘decisions about retirement are often triggered by “his” rather than “her” retirement’ (Barnes and Parry 2004, p. 224). Furthermore, women experience work disruptions throughout their working life more often than men due to events such as childbirth, leaving them with relatively poorer pension prospects (see Chapter 3). The gender gap in pension in 2012 was relatively low in Denmark (8%) but very high in Germany (45%) and the UK.
(40%) (European Institute for Gender Equality 2015). However, if a couple’s combined pension wealth and social pension eligibility is sufficient to allow for joint retirement, they will retire jointly (An et al. 2004). Hence, well-off couples are more likely to retire together than those with limited savings (Ho and Raymo 2009). Policy measures such as the state pension age obviously also condition joint retirement outcomes. Historically, most pension systems have encouraged women to retire at an earlier age than men, and differences in the mandatory retirement age in some countries reflect expectations that women retire earlier. This was the case in Germany until 2004 and in the UK until 2010 (see Chapter 3).

4.1 Health Status of Spouse

Own health is a strong predictor of retirement timing (see Chapter 6). Some studies have furthermore shown that the health status of spouses may predict a couple’s retirement behaviour. Thus, if a spouse is in poor health or disabled and requires assistance to carry out daily activities, it may be more difficult for the other spouse to continue to work (Weaver 1994; An et al. 2004). Thus, poor spousal health tends to predict retirement, often labelled as ‘family pull’ (Topa et al. 2018). Conversely, however, some studies have also indicated that poor spousal health may delay retirement inasmuch as a spouse’s inability to work may force the other spouse to work longer to boost their combined income (Hilbourne 1999; Szinovacz and Deviney 2000, p. 472). This is especially so if the disabled spouse is ineligible for Social Security retirement benefits (Johnson and Favreault 2001). This phenomenon is often termed the ‘added worker effect’. In such cases, the caring spouse may also decide to take part-time work in order to cope.

The labour supply of individuals with a dependent spouse would appear to be undetermined: a dependent spouse can contribute to early retirement for some while delaying retirement for others. Szinovacz and Deviney (2000), however, claim that female retirement behaviour is more strongly influenced by social obligations than is male retirement; women are more prone than men to leave the labour market if their spouse is in poor health or disabled. Furthermore, it is widely argued in the literature that care obligations vis-à-vis grandchildren or frail, elder parents (or relatives) lead to the ‘family pull’ of women; and that family pull can be softened or modified by the provision of high-quality family policies, such as high-quality childcare and eldercare facilities.

5. RECONCILIATION OF WORK AND FAMILY LIFE

Dependent on how caring responsibilities are divided within family relationships, employment decisions made by older women may be influenced
by a need or desire to provide care for frail, elder relatives or to look after and spend time with grandchildren (de Preter et al. 2013; Hochman and Lewin-Espstein 2013; van Bavel and de Winter 2013; Street 2017; Krekula and Vickerstaff 2017). Hence, the labour market participation (or retirement timing) of older women may be conditioned by the extent to which they feel obliged to leave the labour market (fully or partially) due to care obligations towards grandchildren, own parents, parents-in-law or other frail, elder relatives. Such obligations may be felt even more strongly in case of so-called ‘sandwich’ or dual-responsibility carers; that is, older women who feel obliged to provide care to both their dependent (grand)children and elder parents (Glendinning et al. 2009). In relation to care, then, it has been argued that a distinction must be drawn between three different family forms: the male-breadwinner/female-carer model, the male-breadwinner/female part-time carer, and the dual-breadwinner/state care model (Pfau-Effinger 2005b).

In the dual-breadwinner/state care model, the welfare state provides work–family–life reconciliation policies in the form of childcare and eldercare institutions, which allows women to participate in the labour market fully. As argued by Plantenga and Remery (2009), the provision of publicly funded childcare and eldercare frees (older) women from care obligations. Still, the relationship between the magnitude of publicly provided care institutions and paid work among older women is not clear-cut (Hank and Buber 2009). Even though the welfare state provides the universal right to full-time care, actual take-up rates may remain rather low; either because the publicly provided care is too expensive and/or the quality is poor and trust in public institutions is low, or because normative expectations and cultural orientations prevent the individual woman and family from making use of public institutions (Jensen 2017; Jensen et al. 2017). In Germany, for instance, it has been a historical and widely held belief that good, loving mothers take care of their own children (or leave them with one of their grandmothers), and that good daughters or daughters-in-law take care of their frail, elder relatives themselves (Eichler and Pfau-Effinger 2009).

Nonetheless, a deficit of public care provisions will most likely force older women to cease to engage in paid work (Leime and Loretto 2017); that is, adapt to the male-breadwinner/female-carer model, or accept part-time work (the male-breadwinner/female part-time carer model), which allows older female workers to continue in paid employment while caring for dependent adult relatives and/or grandchildren (Leime and Loretto 2017). Part-time work may therefore be used to balance care responsibilities. Principi et al. (2014) have thus found that roughly one-quarter of older German and British women engage in care work and work part-time because the provision of informal care restricts their ability to work.
Table 5.3  Proportion of part-timers, women, ages 55–64

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>40%</td>
<td>25%</td>
</tr>
<tr>
<td>Germany</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>UK</td>
<td>57%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: OECD.Stat.

Table 5.3, however, reveals a trend between 2000 and 2018 towards fewer older women (ages 55–64) working part-time. The proportion of part-timers has fallen significantly in Denmark, to a large degree in the UK, while increasing slightly in Germany. It is nonetheless worth mentioning that part-time work among older women is not solely an outcome of public care deficits; many women may want to work part-time or, as in Germany, they may only be offered part-time work (see Chapter 4).

The combined trend of growing employment rates and less part-time work among older women ties in with the emergence of the enabling state and the late-exit age arrangement. Family policies are more likely crucial for the labour force participation of older women inasmuch as they help to reconcile care and work. Still, provision-of-care policies do not necessarily trigger or determine (rather, they influence) the number of older women remaining active in the labour market. Whether older women exploit such family policies depends on the complex interactions between dispositions, policies, institutions and cultural orientations. The outcome of care policies is furthermore affected by immigration policies (cf. Pfau-Effinger et al. 2009). In the following, the aim is to analyse changes in childcare and eldercare policies, as they function as a sine qua non for the evolution of the late-exit age arrangement. Thus, care policies are necessary for the emergence of the genuine dual-breadwinner family model and making older women much less needed as caregivers.

5.1 Childcare

Maternal employment patterns have changed rather dramatically in recent decades parallel to changes in the family structure. The number of children in families has decreased while the magnitude of lone-mother families has grown.7 In 2014, the employment rate among women with at least one child aged 0–14 was 82% in Denmark, 69% in Germany and 67% in the UK. Still, mothers are more inclined to work when their child reaches the age of compulsory schooling. Hence, in 2014, the employment rate of women with children aged 0–2 was 76% in Denmark, 59% in the UK and 52% in Germany (OECD n.d. a).
The motivation of mothers to enter the labour market is driven by changes in work orientations, societal norms and gender roles (Thévenon and Neyer 2014) together with the financial necessity to work. The financial necessity to work is particularly widespread in lone-parent families, and the proportion of single mothers in paid employment is higher than that of partnered mothers in most countries (Adema et al. 2009). In our three countries, lone-mother families make up 10% of households in Denmark, 11% in Germany and 16% in the UK (Eurostat 2015). The UK in particular has experienced a substantial growth in the number of lone-mother families.

Combining employment and childcare is difficult in both lone-mother and dual-breadwinner families, and it is associated with work–family balance challenges. Work and family life may, however, be reconciled by access to formal or informal childcare arrangements.

Two complementary forms of formal arrangements addressing the need to care for children exist: (1) maternity or parental leave allowing working women and men to care for their own children themselves for some time after childbirth; (2) publicly organized childcare services in the form of nurseries, kindergartens, pre-school programmes etc.

Informal care is usually defined as care provided by grandparents or other relatives, friends or neighbours for which the provider receives little or no payment (e.g. OECD n.d. a), or payments are undeclared. Informal care occurs where there is a deficit of childcare, it is too expensive for lower-income parents, or the trust in public childcare is low (Križ 2005; Igel and Szydlik 2011; Glaser et al. 2013). A survey conducted in 2012 by the FLOWS Project (flows-eu.eu) among women aged 25–64 reveals that the levels of trust towards childcare institutions differ somewhat in the three countries. Trust in the childcare system was high in Aalborg (Denmark), medium in Leeds (England) and low in Hamburg (Germany). These differences in the levels of trust mirror differences in public perceptions of the quality of childcare services (Eurofound 2016).

The aim in the following is to assess the extent to which differences in child-rearing by grandmothers ties in with the quality-of-care policies and how care policies have changed between 2000 and 2018.

5.1.1 Leave schemes

Parental leave systems provide employment protection and income support to parents who suspend their labour market participation to care for new-born children. Different types of parental leave schemes exist, including maternity leave, paternity leave and parental leave. Paternity leave is normally rather short, whereas parental leave may be rather long, as it follows the period of maternity leave, meaning that the total duration of leave depends on the com-
bined duration of maternity and parental leave. The term ‘maternity/childcare leave’ is often used to cover all of the various types of leave (e.g. OECD 2001).

Around 2000 (cf. Deven and Moss 2005), the total ‘maternity/childcare leave’ in Denmark was 52 weeks (maternity leave 18 weeks, paternity leave two weeks and parental leave 32 weeks), and all types of leave were remunerated by 100% of earnings (albeit with a €431/week ceiling). In Germany, the total ‘maternity/childcare leave’ amounted to 170 weeks, comprising 14 weeks maternity leave with a replacement rate of 100%. In Germany, there was no statutory right to paternity leave. Moreover, while parental leave amounted to 156 weeks, parental leave benefits were means-tested and could only be received for 104 weeks (maximum €300/month). ‘Maternity/childcare leave’ in the UK amounted to 67 weeks, comprising 52 weeks of maternity leave, two weeks of paternity leave and 13 weeks of parental leave. In relation to maternity leave, the replacement rate was 90% of average earning in six weeks followed by 20 weeks with a benefit of €145 per week. Hence, benefit duration only lasted for 25 of the 52 weeks of maternity leave. Paternity benefits amounted to €145 per week, and no benefits were paid during parental leave.

Between 2000 and 2018, only minor changes occurred in the ‘maternity/childcare leave’ schemes in the three countries (OECD n.d. a). Still, the parental leave benefit system introduced in Germany in 2007 has been argued to be in line with the Scandinavian model (Morel 2007). In Denmark, the duration of ‘maternity/childcare leave’ remained the same, but the benefits ceiling was raised from €431 to €573 per week. In Germany, no changes were made to maternity and paternity leave. Parental leave, by contrast, was reduced to 10 (+2) months, whereas benefits were set at 67% of a parent’s average net income (maximum €1800/month). In the UK, paid maternity leave was raised to 39 weeks (first six weeks: 90% of earnings with no maximum and remaining 33 weeks remunerated with 90% of earnings up to a maximum of €162/week); no statutory paternity leave was introduced, and parental leave (18 months) in the UK remained unpaid.

Given that replacement rates and the duration of maternity/childcare leave have largely remained the same between 2000 and 2018 (albeit with some improvements in Germany), there does not appear to be any evidence of increasing employment rates among older women being rooted in new maternity/childcare leave schemes. Still, there are marked differences in the quality of these schemes in the three countries. The poorest maternity/childcare leave schemes are clearly found in the UK, while the differences in the quality of the Danish and German maternity/childcare leave schemes are rather small. Inasmuch as low-quality maternity/childcare leave schemes call on grandmothers to become engaged in care for their grandchildren, it is worth noting that this phenomenon is most pronounced in the UK. Yet the behavioural consequences of leave schemes may not be clear-cut. Overall outcomes can
also depend on the quality of nurseries and pre-school childcare programmes, given that leave schemes and childcare institutions are functional alternatives in reconciling work and family obligations in relation to infants and pre-school children.

### 5.1.2 Childcare institutions

Opportunities to work in the period from when parental leave terminates and until the child has reached compulsory school age largely depend on the provision of formal services for children or the availability of informal care; and in some of the three countries, the provision of public childcare improved in the late 1990s and early 2000s.

Denmark established a citizenship-based national care guarantee in 2004: all children over age 26 weeks were ascribed the right to receive an appropriate and reasonably affordable form of formal care provided by childminders or in public care institutions. In Germany, the Child and Youth Act introduced in 1992 and fully implemented in 1999 (Bettio and Plantenga 2004; Evers et al. 2005) established the right to (relatively costly) primarily part-time childcare for children ages 3–6. In the UK, while children have no rights to pre-school childcare services (provided by a mix of private, voluntary and public providers), as of 2011, mothers with children under age 6 were certified the right to request flexible working hours. Similarly, the German ‘Gesetz über die Plegezeit’ of 2008 (further expanded in 2015) made possible the reduction of working time for carers. In effect, part-time working is more prevalent in Germany (with part-time care provisions) and the UK (with flexible working) than in Denmark. In 2014, the employment rate of all mothers was 82% in Denmark, 69% in Germany and 67% in the UK, while mothers employed part-time amounted to 10% in Denmark, 39% in Germany and 33% in the UK (OECD n.d. a).

#### Table 5.4 Percentage of young children in formal childcare arrangements

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aged &lt; 3</td>
<td>Aged 3 to mandatory school age</td>
</tr>
<tr>
<td>Denmark</td>
<td>61%</td>
<td>91%</td>
</tr>
<tr>
<td>Germany</td>
<td>10%</td>
<td>78%</td>
</tr>
<tr>
<td>England</td>
<td>34%</td>
<td>60%</td>
</tr>
</tbody>
</table>

*Source: OECD (2001; n.d. a).*
As Table 5.4 illustrates, childcare provision differs greatly from country to country, especially regarding the 0–2 age group. Moreover, it is important to draw a distinction between the coverage and take-up (i.e. enrolment) rates. Thus, coverage may be high but take-up rates low if women prefer or choose to care for their own children. In Denmark, coverage is 100% for children +26 weeks, in Germany it is 100% for children over age 3, whereas childcare in the UK is not rights-based. However, rights and enrolment rates do correspond to some degree. In Denmark, a high percentage of children was already enrolled in formal childcare in 2000, whereas enrolment rates have increased quite substantially in Germany and the UK between 2000 and 2017. In Germany, this is especially the case among children under age 3, while enrolment in the UK has primarily increased among children over age 3.

5.1.3 Maternity leave and childcare provisions combined – and the role of grandmothers

As mentioned, formal care for children with working mothers can be provided in two complementary ways: by offering financial support during leave or by providing services for children. Based on data from the early 2000s, Bettio and Plantenga (2004) have made an index of leave and care provisions in Europe, according to which it was low(leave)–low(care) in the UK, medium(leave)–low(care) in Germany and high(leave)–high(care) in Denmark. Although changes have occurred in Germany and the UK since the early 2000s, a care deficit most likely exists for children under age 3 in the UK. Thus, in 2017, the proportion of children 0–2 years of age using informal childcare arrangements during a typical week was 1% in Denmark and 35% in the UK, and average hours of informal childcare per week among British 0–2-year-old children was 12 hours (OECD n.d. a).

Grandparental care might be the best choice in the UK, as it is affordable, trustworthy and flexible. In a survey conducted in the FLOWS Project (flows-eu.eu) in 2012, grandmothers were asked: ‘Does caring for a grandchild limit the type or amount of paid work you can do?’ In the UK, 33% strongly agreed or agreed, while the same figure was only 7% in Denmark and 4% in Germany.

5.2 Eldercare

Much of the older population receives care, either in the form of help with activities of daily living (ADL), such as personal care, or with instrumental activities of daily living (IADL), such as shopping, paperwork and so on (OECD 2005d; Colombo et al. 2011). Long-term care (LTC) provisions may be delivered from various sources, but with two main options: either as formal or informal LTC (e.g. Frericks et al. 2014).
As argued by Leitner (2003), the total number of elder, care-requiring people is unknown. What is known, however, is that the family is the primary provider of care on a Europe-wide scale. Thus, informal (and intergenerational) family care is the predominant form of eldercare. In 2016, the percentage of the population (50+) reporting to be informal carers providing help with ADL was 16% in Denmark, 23% in Germany and 19% in the UK (Zigante 2018). The three countries also show marked differences in the time spent providing care. In Denmark, less than 15% of those providing care do so for more than 20 hours per week, while the same figure is around 30% in Germany and 28% in the UK (Colombo et al. 2011). Danes thus tend to be less engaged and provide fewer hours of care than do carers in Germany and the UK. This may also be related to earnings (see Chapter 4), as studies have shown that the willingness to supply informal care wanes with higher earnings (Carmichael et al. 2010).

Informal carers are usually women (50+) providing care for a spouse or parent (Colombo et al. 2011, Table 3.1, p. 90; Reidel and Kraus 2011; Zigante 2018). In some countries (e.g. Italy), children are legally obligated to organize care for their frail, elder parents. In other countries, informal care is facilitated by care leave schemes or the right to flexible employment, as in the UK (e.g. Brimblecombe et al. 2018a). Providing informal and unpaid care, however, has substantial negative effects; carers may be forced to give up scarce leisure time, which increases the risk of burnout and stress. Furthermore, care provision reduces the chances of being in full-time employment and increases the likelihood of part-time employment (Colombo et al. 2011). Still, carers are more likely to stop working rather than work part-time, meaning that informal care is associated with a risk of having to forgo employment (Brimblecombe et al. 2018b) and that informal carers are less likely to be employed than non-carers and have a lower effective retirement age.

FLOWS data (flows-eu.eu) from 2012 confirms that informal care provision is a factor challenging continuous, full-time employment, which shows that caring and working women in especially Germany (Hamburg) and the UK (Leeds) are confronted with work–life balance problems. Among care-providing and working older women in Leeds, 49% reported that they ‘agree’ or ‘strongly agree’ with the following question: ‘Does caring for an older relative limit the type or amount of paid work you can do?’ The figure was 14% in Germany and almost zero in Denmark.9

In recent decades, governments have introduced new measures aimed at substituting informal care with formal or ‘social’ care (Fernández et al. 2019), since this supposedly supports labour force participation among workers with an elder, care-requiring relative. In Germany, the process towards care formalization was initiated in the mid-1990s with the introduction of the ‘Long-Term Care Insurance Act’ (SGB IX), covering roughly 90% of the German popula-
Table 5.5  Percentage of persons 65+ receiving LTC in institutions or at home

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2014/15/18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In institutions</td>
<td>In their home</td>
</tr>
<tr>
<td>Denmark</td>
<td>4.4%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>UK</td>
<td>4.2%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Note: The percentage of the population enrolled in institutional care in 2015 includes long-term care beds in institutions and hospitals, whereas the 2014 data only include institutional care.

Source: OECD (2017c; 2018e); OECD.Stat.

While reliable and comparative data regarding the formalization of eldercare are hard to find, Table 5.5 has been constructed on the basis of the OECD family database. Unfortunately, data for UK homecare are not available for 2018. Nevertheless, the table clearly shows how, in the case of institutional care, the level and development direction are rather similar in all three countries. As for homecare, Table 5.5 shows that the take-up has more than doubled in Germany while being reduced by half in Denmark. However, take-up rates do not mirror the quality of provisions. In 2015, the government expenditures on LTC (Denmark and the UK) and compulsory insurance schemes (Germany) were 2.5% of GDP in Denmark, 1.5% in the UK and 1.3% in Germany (OECD 2018e). In other words, Denmark spends much more on eldercare per capita than do Germany and the UK. Moreover, the number of long-term care workers per 100 people aged 65 and over is much higher in Denmark than in Germany.
indicating that care quality, especially for homecare, is significantly higher in Denmark than in Germany and the UK (see also Bettio and Plantenga 2004).

In principle, formal care arrangements should mean that the care for frail, elder people depends less on family structures. However, formal care arrangements may not facilitate labour market participation in a 1:1 relationship, given that there is a gap between provision and take-up rates. The actual use of formal care arrangements thus depends on preferences and choices rooted in socio-cultural norms together with the quality and trust in eldercare institutions, including attitudes to receiving such services (van Groenou and de Boer 2016).

In the FLOWS Project (flows-eu.eu) women aged 25–64 were asked in 2012 to categorize their trust in the eldercare system on a scale from 0–10, 0 being ‘no trust at all’ and 10 ‘complete trust’. It showed that the trust levels were relatively high (6.2 on average) in Denmark (Aalborg), while 4.5 in Germany (Hamburg) and 4.9 in the UK (Leeds). As for norms and preferences, carers were asked (in the FLOWS Project) why they provide care and support for their elder relative(s). The most common reasons in the UK (Leeds) were ‘because they did not wish to leave their home’ (74%), ‘I believe older people should be cared for by their children when they can no longer manage on their own’ (27%) and ‘because they are my parents’ (42%). In Germany (Hamburg), the most common reason was ‘because they did not wish to leave their home’ (38.5%). In contrast, care provided by family members is not a norm in Denmark, and frail, elder Danes do not expect their children to provide care for them (cf. Haberkern et al. 2012).

Although the formalization of eldercare was initiated in the mid-/late-1990s, cost-containment pressures have raised questions in recent years whether processes of de-formalization have gained momentum, especially in Denmark and the UK, where service provision is increasingly oriented towards those with the highest care demands (e.g. Haberkern et al. 2012). In the UK, for instance, local authorities spent 9% less in real terms on social care for senior citizens in 2014/15 than in 2009/2010. Consequently, there has been a reduction of at least 26% in the number of seniors accessing publicly funded social care (Nuffield Trust et al. 2016). Accordingly, the percentage of Danish recipients (65+) of homecare fell from 18.8% in 2008 to 12% in 2016 (cf. Statistikbanken). Ceteris paribus, these new trends challenge the opportunities for those over age 50 to remain active in the labour market until they reach retirement age.

6. CONCLUSION

In the context of late-exit age arrangements, older women have become active members of the labour market on equal footing with men. As such, most individuals have become self-supporting, challenging the tradi-
tional male-breadwinner model, which intersects with the emergence of the
dual-breadwinner model (Lewis 2001; Pfau-Effinger 2005b; Daly 2011).
Following this theoretical line of argument, the aim of this chapter has been
the empirical analysis of the extent to which the increasing employment rates
of older adults between 2000 and 2018 are overlapping with changing family
structures and relationships. The main findings are summarized in Table 5.6.

The employment rate of older women (ages 60‒64) has risen quite dramat-
ically between 2000 and 2018, quadrupling in Germany while doubling in
Denmark and the UK. Interestingly enough, part-time work has hardly func-
tioned as a bridge for the integration of older women in the labour market. The
proportion of older women working part-time has fallen in Denmark and the
UK, while remaining roughly constant in Germany. However, overall changes
in the employment patterns interact with new visions and values regarding
a more gender egalitarian society. Changes in the behaviour of older women
are thus interacting with the breaking up of traditional gender role ideologies;
older women are no longer centripetally oriented, increasingly taking a cen-
trifugally-oriented approach to life (like men).

In 2018, women between the ages of 55 and 64 have experienced
far-reaching changes in the family structure during the course of their lifetimes.
Fertility and marriage rates have fallen, the mean age of women at childbirth
has increased, and the family is moving towards the dual-breadwinner family
more generally. Falling fertility rates have eased the way for women to enter
the labour market, and a high mean age of women at childbirth has helped to
postpone retirement. Furthermore, divorce rates have risen, and the share of
single-person households has become high in Denmark and Germany, while
medium–high in the UK. Individuals in single-person households tend to retire
later than do cohabiting individuals.

In parallel to this, gender differences in the average age of retirement have
waned. This corresponds with smaller age differences between spouses, which
enable husbands and wives to coordinate their retirement timing more closely.
That women postpone retirement may also be due to the fact that older women
are becoming ordinary income earners (rather than primarily homemakers),
and that they simply cannot afford to retire, because their pension benefits
would not cover the costs of living. As Table 5.6 illustrates, the pension–
income gender gap is high in Germany and the UK while low in Denmark.

Older women confronted with care obligations to grandchildren and/or frail,
elder relatives may partly or fully be likely to give up work. Especially if (1)
the coverage of public care provisions is poor; (2) trust in such provisions is
low or (3) that older women are normatively expected to provide informal care
for childcare and/or frail, elder relatives. Especially in Germany and the UK,
older women have reduced their working time to be able to provide care, indi-
cating that the male-breadwinner/female part-time caregiver is more prevalent
Table 5.6  Growth in employment among older women in the context of the family and family policies (2000–2018)

<table>
<thead>
<tr>
<th>Employment structure</th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of older women working part-time (2000–18)</td>
<td>Falling (medium→low)</td>
<td>Unchanged (medium→medium)</td>
<td>Falling (high→medium)</td>
</tr>
</tbody>
</table>

| Ideological orientations | |
|--------------------------|-----------------|-----------------|-----------------|
| Strength of traditional gender ideologies have changed between 2002–12 | Medium→low | High→medium | High→medium |

| Changing structures of families | |
|-------------------------------|-----------------|-----------------|-----------------|
| Marriage rates since 1960 | Falling | Falling | Falling |
| Fertility and family size, between 1965 to 1983 | Falling | Falling | Falling |
| Mean age of women at childbirth | Increasing | Increasing | Increasing |
| Divorce rates since 1965 | Increasing | Increasing | Increasing |
| Share of single-person households (2011) | High | High | Medium→high |

<p>| Joint retirement | |
|------------------|-----------------|-----------------|-----------------|
| Women follow their husband | + | + | + |
| Gender gap in mean age of marriage (2015) | High | High | Medium |
| Gender differences in average retirement age (2000 to 2018) | Very high→high | Low→very low | Medium→low–medium |</p>
<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender gap in pension (2012)</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td><strong>Childcare</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternal employment rate</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Employment rate of women with children 0–2 (2014)</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Proportion of mothers working part-time</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Proportion of lone-mother families</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Trust in childcare institutions (2012)</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Quality of maternity leave scheme (2000–18)</td>
<td>High→high</td>
<td>Medium→high</td>
<td>Low→low</td>
</tr>
<tr>
<td>Children &lt; 3 enrolled in childcare (2000–2017)</td>
<td>High→high</td>
<td>Low→medium</td>
<td>Medium→medium</td>
</tr>
<tr>
<td>Children (age 3 to mandatory school age) enrolled in childcare (2000–2017)</td>
<td>High→high</td>
<td>Medium→high</td>
<td>Low/medium→high</td>
</tr>
<tr>
<td>Does caring for grandchild limit grandmothers’ work opportunities?</td>
<td>Low degree</td>
<td>Low degree</td>
<td>High degree</td>
</tr>
<tr>
<td><strong>Eldercare</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of population providing informal eldercare</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Time spent providing eldercare</td>
<td>Short hours</td>
<td>Long hours</td>
<td>Long hours</td>
</tr>
<tr>
<td>Does caring limit work opportunities?</td>
<td>Medium</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>Germany</td>
<td>UK</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------------------------</td>
<td>---------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Coverage of institutional care (2004–14/15/18)</td>
<td>High (slightly decreasing)</td>
<td>Low→high</td>
<td>High</td>
</tr>
<tr>
<td>Homecare coverage (2004–18)</td>
<td>High→medium</td>
<td>Low→medium</td>
<td>Low (decreasing)</td>
</tr>
<tr>
<td>Trust in the eldercare system</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Normative expectations that children should care for elder parents</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Strong cost containment since 2000</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Care in general</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women work less to be able to care for parents and/or grandchildren</td>
<td>No</td>
<td>Large proportion</td>
<td>Large proportion</td>
</tr>
</tbody>
</table>

in Germany and the UK than in Denmark. Denmark exhibits high levels of take-up rates in relation to public care provisions.

Several factors condition the pressure on grandmothers to be engaged in grandparenting: (a) if the employment rate of mothers with children ages 0–2 is high, (b) the proportion of mothers working part-time is low, and (c) the proportion of lone-mother families is medium–high. In countries such as Denmark and Germany, however, grandparenting only limits work opportunities for grandmothers to a low degree. In Denmark, this ties in with the high-quality provision of public maternity leave and childcare schemes, and that trust in childcare institutions is high. In Germany, while trust in care provisions is lower, leave schemes have improved between 2000 and 2018. In contrast, British grandmothers experience to a high degree that their grandparenting limits their work opportunities, which is linked to poor-quality maternity leave and poor childcare provisions.

As regards eldercare, the proportion of the Danish population providing informal care is low. When informal care is provided, it only entails short hours and informal eldercare does not limit the caregiver’s work opportunities. This ties in with relatively high formal eldercare coverage, that trust in the eldercare system is high, and low normative expectations regarding the obligation of children to care for their elder relations. In contrast, the proportion of the British population providing informal care is medium, informal care
involves long hours, the normative expectations about informal care are high, trust in the eldercare system is medium, and publicly financed homecare coverage is low. Hence, informal care limits the ability of older British women to work to a high degree.

There are some differences in the employment patterns among older women in our three countries (see Figure 5.1). It is worth noting how the female employment rate among the 60–64 age group is converging in all three countries and that it tends to fall when older women approach the state pension age. However, the dip in the employment rate of older women in the UK starts earlier than in Denmark and Germany. Thus, the employment rate of the 55–59 age group is markedly lower in the UK than in Denmark and Germany. Most probably, this can be ascribed to poorer care provision and a stronger family orientation in the UK than in the other two countries. Furthermore, the proportion of part-time working women is higher in Germany and the UK than in Denmark, which reflects how the supply of part-time work in Germany and the UK is somehow interlinked with the scarce provision and lower trust levels towards public childcare and eldercare institutions.

Over the last decade, eldercare services have eroded to some extent in Denmark and the UK, while they have improved in Germany. Cutbacks in formal and professional care may increase the demand for informal care considerably. But the question remains: is the integration of older women in the labour market reversible, given that the principle or imperative of working longer has become a central structuring mechanism of the family in the transition from an early- to a late-exit age arrangement?

NOTES

1. In the case of female employment, Nätti (1993), for instance, has argued that part-time work may function as a ‘bridge’ to working full-time. This would indicate that part-time work may be a link between the male-breadwinner and dual-breadwinner family models.

2. While marriage rates have declined, the mean age of first marriage among women increased from 29.9 to 32.2 in Denmark, from 27.7 to 31.1 in Germany and 28.2 to 33.2 in the UK.

3. Some argue that marital disruption affects work ability negatively (Pensola and Järvikoski 2008), which would give reason to believe that living alone should contribute to early retirement.

4. A vast array of studies shows that joint retirement is conducive to marital satisfaction (e.g. Moen et al. 2000, 2001; Kulik 2001; Smith and Moen 2004; Szinovacz and Davey 2005).

5. Unfortunately, reliable comparative data showing changes in the age gap between cohorts aged 55–64 in 2000 and 2018 are unavailable.
6. It should be mentioned, however, that caring is not exclusively carried out by women; men are also enrolled in caring to some extent (e.g. Vlachantoni 2010).

7. Although the data are not fully comparable, it is possible to assess these changes by comparing OECD (2001) with OECD-2014 data (see OECD n.d. a).

8. Women in the three cities were posed the following question: ‘Please tell me on a score of 0–10 how much you personally trust the childcare system in general’. On average, Aalborg scored 7.56, Leeds 6.16 and Hamburg 5.29.

9. Focus group interviews in Denmark revealed that women working (and having a frail, elderly parent) had a guilty conscience about not visiting them often enough.

10. The question was: ‘Please tell me on a score of 0–10 how much you personally trust the eldercare system in general’.
1. **INTRODUCTION**

A basic prerequisite for prolonging working life is that older workers are able and willing to work longer. Hence, rapidly increasing employment rates among older workers and a transition from an early- to a late-exit age arrangement between 2000 and 2018 may depend on improvements in work ability. The work ability concept has been developed by the Finnish Institute of Occupational Health, and the work ability model applies a multi-dimensional, comprehensive approach to reflections on how work demands and the resources possessed by individuals can be balanced as a precondition for lengthening their working lives (Ilmarinen 2005; Ilmarinen et al. 2005; Gould et al. 2008a; Smyth et al. 2018). The work ability model argues that the individual characteristics of older workers are key aspects allowing individuals to master a given job at a given point in time. However, how these individual factors interact with workplace factors (work and work organization) and the wider social environment (family, community, occupational safety, society) determine actual work ability.

Given that previous chapters have highlighted some key changes in the family, workplaces and the wider social environment, this chapter turns our attention to some seminal developments in the typical individual characteristics of older workers. Fadyl et al. (2010) and Tengland (2011) have argued that health, competences and values or motivations (e.g. work orientation) are defining individual dimensions of work ability, and the aim of this chapter is to examine how changes in these individual characteristics intersect with changes in the employment rates of older workers.

Health refers to physical, psychological and cognitive functioning as well as to wellbeing. Competences refer to levels of education and training, occupational skills and their continual updating throughout working life (e.g. in the form of life-long learning). Values refer to attitudes, dispositions and enthusiasm towards working life (work orientation). Following Gould et al. (2008b), the extent to which older workers have enough work ability to continue working until or beyond the pensionable age can be measured using...
Rapidly increasing retirement ages

general ‘objective’ indicators of work ability – or with ‘subjective’ measures based on how individuals evaluate their own work ability.

An individual will generally lose work ability over time, since ageing is associated with a progressive deterioration of physical capacities (e.g. muscular strength, endurance), even though this decline can be counteracted to some degree through physical exercise and healthy living (Shephard 1999; Kenny et al. 2008; Jakobsen et al. 2017). Work ability is clearly also influenced by psychosocial factors at work together with lifestyle factors (e.g. Tuomi et al. 2001; Blackham 2016), although their relative importance is disputed (van den Berg et al. 2009).

Since our intention here is merely to highlight some key changes in the characteristics of workers in the 55–64 age group from 2000 to 2018, we shall refrain from seeking to contribute to the discussion about how overall work ability can be promoted (for this discussion, see e.g. Tuomi et al. 2001; Blackham 2016).

2. HEALTH

Health status is a central dimension affecting the ability of an individual to perform effectively in working life at any age. For older workers, the probability of experiencing serious illness and multi-morbidity (simultaneous appearance of different illnesses) increases with age, which undermines the ability to perform effectively in working life. In effect, the overall health status of older workers has proven to be a strong predictor of retirement timing (Dwyer and Mitchell 1999; Shultz and Wang 2007; Nilsson 2012; Fisher et al. 2016; Street 2017; Topa et al. 2018). People with health problems tend to retire early, whereas healthier individuals are more likely to continue to work until or beyond the state pension age.

Life expectancy, defined as the average number of years that people of a particular age can expect to live, has historically been one of the most frequently used indicators to monitor health and wellbeing trajectories for a given population. The remaining life expectancy at age 65 for men and women (2000 and 2018) is shown in Table 6.1.

Life expectancy has increased dramatically over the course of the twenty-first century, ranking as one of society’s greatest achievements, and recent data indicate that life expectancy at age 65 continues to increase. Inasmuch as life expectancy at age 65 can be considered to designate the health situation of the older segments of the labour force, Table 6.1 shows how overall health (and the capacity to work) have improved in all three countries between 2000 and 2018 by around two years, ranging from 1.8 years in Germany to 2.6 years in Denmark. Table 6.1 also shows that the life-expectancy gap between men and women has started to narrow, probably due to falling mortality from ischaemic
<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
<th>Gender gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>15.2</td>
<td>18.0</td>
<td>18.3</td>
<td>20.7</td>
</tr>
<tr>
<td>Germany</td>
<td>15.8</td>
<td>18.0</td>
<td>19.6</td>
<td>21.1</td>
</tr>
<tr>
<td>UK</td>
<td>15.8</td>
<td>18.9</td>
<td>19.0</td>
<td>21.1</td>
</tr>
</tbody>
</table>

Source: Eurostat, DEMO_MLEXPEC.

It is rather clear that life expectancy at age 65 has steadily increased in tandem with major changes in the employment rates among older workers. This would suggest that increasing life expectancy (as a measure for health) preconditions the prolongation of working life. But the pattern is more complex than that; there is no direct link between changing life expectancy and changing labour force participation rates. Although Germany, compared to Denmark and the UK, only experienced a relatively modest growth in overall life expectancy at age 65 between 2000 and 2018, it saw a dramatic increase in older-worker employment. In 2018, however, rather similar levels of overall life expectancy at age 65 correspond with rather similar older-worker employment rates in the three countries. This suggests that a minimum of good health and few functional limitations among older segments of the population favour high labour force participation levels. But good health among older workers does not necessarily prolong labour market participation. Denmark, Germany and the UK are among the countries with the highest labour force participation rates in the EU. Nonetheless, life expectancy at age 65 in the three countries is close to or below the EU average. In 2018, overall life expectancy at age 65 was 20.0 in EU-28 (Eurostat DEMO_MLEXPEC).

There is some dispute as to whether life expectancy can actually be used as a good health indicator influencing retirement timing. Lunenfeld and Stratton (2013), for instance, emphasize that healthy life expectancy has lagged behind life expectancy increases, probably because modern medicine and care can keep people alive who would otherwise die, but who are now living with physical and mental disabilities. A decline in healthy life expectancy among Danish males and females since 2005, relative stability in healthy life expectancy in the UK between 2005 and 2016, and a steady increase in healthy life expectancy in Germany have actually led to a convergence in healthy life expectancy between the three countries. In 2016, healthy life expectancy at age 65 for males was 11.5 in Denmark, 11.5 in Germany and 10.4 in the UK, while...
the same figures for females were 11.9 in Denmark, 12.4 in Germany and 11.1 in the UK (Eurostat hth_hlye). These figures for healthy life expectancy arguably tend to mirror the employment rates among older workers in Denmark, Germany and the UK.

Life expectancy displays rather considerable geographical variations due to differences in within-country social deprivation (e.g. Langford and Bentham 1996), branches of industry or occupation (e.g. Pestieau and Racionero 2016), and (as shown in Table 6.2) self-perceived health differs by socio-economic status and social class (e.g. Högberg et al. 2017).

Table 6.2 Self-perceived health (very good or good) by age (55–64) and income quintile

<table>
<thead>
<tr>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First quintile</td>
</tr>
<tr>
<td>Denmark</td>
<td>54.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>33.9%</td>
</tr>
<tr>
<td>UK</td>
<td>55.2%</td>
</tr>
</tbody>
</table>

Source: Eurostat (hlth_sik_10).

Register-based measures of life expectancy are so-called ‘objective’ life-expectancy indicators. However, van Solinge and Henkens (2010), for instance, have found that ‘subjective’ life expectancy is a strong predictor of wellbeing and retirement timing. Accordingly, Table 6.2 shows that overall self-perceived good health (‘very good’ + ‘good health’) has increased substantially in Germany, from 49.9% to 60.6%, which is mirrored in the dramatic growth in employment among workers aged 55–65 between 2000 and 2018. In contrast, self-perceived health has declined significantly in both Denmark and the UK in the same period. In Denmark, self-perceived good health has declined from 66.6% to 52.5%, while in the UK it has dropped from 72.9% to 62.6%, without a resulting drop in the employment rate among older workers. Thus, a self-reported worsening of the health situation does not necessarily have a direct effect on retirement timing, since people may continue to work despite serious self-perceived health problems, possibly because they are motivated and enjoy their work (e.g. Hjärtström et al. 2018), or cannot afford to retire.

These general trends towards declining health among older workers obscure the underlying polarization of health status among income groups (see Table 6.2). The health gap between high- and low-income groups widened in the crisis period (2008–2015) from 25.1% to 30.3% in Denmark, from 33.8%
to 36.9% in Germany, and from 30.5% to 36.7% in the UK. Irrespective of the crisis impact, these numbers appear to continue a longer-standing trend towards polarization in the health status of different income groups. In 2011, life expectancy for the richest quartile of Danish males amounted to 82.0 years, whereas for the poorest quartile of males it stood at a mere 72.2 years. This difference of almost ten years contrasts sharply with the 5.5-year difference a quarter century earlier, in 1987 (Baadsgaard and Brønnum-Hansen 2012).

3. COMPETENCES

Education levels are normally regarded as a key predictor of retirement timing (e.g. Martelin et al. 2008; Venti and Wise 2015). Older, less-educated workers may generally leave the labour market involuntarily, as those with limited education are generally more disposed to be working under conditions that are harmful to their health and have greater difficulty exploiting new employment opportunities in a flexible labour market (Taylor and Walker 1994, pp. 579f.). In contrast, education serves as the entry ticket to more interesting, rewarding and higher-paid work, which contributes to the interest to remain in the labour market. See Table 6.3 for the relationship between education levels and employment rates for people aged 55–64 in 2017.

<table>
<thead>
<tr>
<th>Low-educated (ISCED* 0–2)</th>
<th>High-educated (ISCED 5–8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>58.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>53.1%</td>
</tr>
<tr>
<td>UK</td>
<td>53.9%</td>
</tr>
<tr>
<td>EU-28</td>
<td>42.3%</td>
</tr>
</tbody>
</table>

*International Standard Classification of Education.

Source: Eurostat (lfsi_educ_a).

As seen in Table 6.3, there is a marked gap in the employment rate between low- and highly educated segments of older workers. The employment rate gap is 18.6 in Denmark, 28.4 in Germany, 13.8 in the UK and 30.2 in EU-28. *Ceteris paribus*, increasing education levels in Europe are likely to pay off in the form of higher activity and employment rates for workers of all ages, and older workers in particular.

The impact of education levels on employment rates points to the importance of examining the share of lower-educated people among the evolving
Table 6.4  Population (aged 55–64) by educational attainment, ISCED 0–2: less-than-primary, primary and lower-secondary education

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>32.8%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>17.8%</td>
<td>13.9%</td>
</tr>
<tr>
<td>UK</td>
<td>34.7%</td>
<td>26.6%</td>
</tr>
<tr>
<td>EU-28</td>
<td>40.7%</td>
<td>30.1%</td>
</tr>
</tbody>
</table>

Source: Eurostat (lfsi_educ_a).

cohorts of older workers. Table 6.4 documents the extent to which the three countries included in this study have a markedly lower proportion of low-educated 55–64-year-olds than the EU-28 average. Presumably, this can help to explain why the employment rates in our three countries are well above the EU-28 average.

Table 6.4 also illustrates how, for both EU-28 and our country sample, the proportion of low-educated 55–64-year-olds has been declining steadily over the years. This may help to account for why overall employment rates among older workers in the EU have increased between 2000 and 2018. Nevertheless, Germany represents an exceptional case: the proportion of low-educated workers has declined at a slower rate than in the rest of Europe. This is presumably due to the proportion of low-educated segments of older workers initially being very low. In 2008, the proportion of low-educated older workers in Germany was only 17.8%, versus 40.7% in the EU-28 area; whereas in 2017 it had fallen to 13.9% in Germany and 30.1% in EU-28. This would indicate that Germany already possessed the educational potential to reach very high employment rates in 2000 and that the release of this potential was what allowed Germany to generate the rapidly increasing employment of older workers between 2000 and 2018 (i.e. enabling Germany as a ‘late mover’ to move so rapidly). It has been firmly established that older workers are less educated than the younger segments of the workforce and that mismatches may exist between older workers’ skills and job requirements, especially in the ‘knowledge economy’ (e.g. OECD 2013), meaning that older workers may not be qualified to fill job openings. Job-related training, re-training or life-long learning would appear to be the solution to such problems, and studies have shown that job-related training may actually help to postpone retirement if it fulfils the needs of the employee in question (Damman et al. 2011; Midtsundstad et al. 2012).
Table 6.5  
Participation rate in education and training (last four weeks)  
by age 

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55–64</td>
<td>35–44</td>
</tr>
<tr>
<td>Denmark</td>
<td>24.8%</td>
<td>30.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>2.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>UK</td>
<td>14%</td>
<td>22.2%</td>
</tr>
<tr>
<td>EU-28</td>
<td>4.7%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Source: Eurostat (trng_lfse_01).

The European 2020 benchmark designates that an average of at least 15% of adults should participate in life-long learning, which most European countries have yet to accomplish. In 2017 this figure was 26.8% in Denmark, 8.4% in Germany, 14.4% in the UK and 10.9% in EU-28 (Eurostat trng_lfse_01). Yet as Table 6.5 demonstrates, participation in work-related education and training differs markedly between prime-aged and older workers. As also shown in previous studies (e.g. Taylor and Urwin 2001), relatively few resources are invested in training older workers.

Table 6.5 also illustrates how participation in education and training for 55–64-year-olds in Denmark and the UK has historically been at levels considerably above the EU-28 average. This is one possible reason why activity rates among older workers were already at levels significantly above the EU-28 average in 2000. Curiously, recent years have seen declining participation levels in life-long learning among older workers in Denmark and the UK. From 2009 to 2017, participation dropped from 24.8% to 18.6% in Denmark and from 14% to 9.8% in the UK. In contrast, participation increased in Germany from 2.8% in 2009 to 3.3% in 2017, which although rather moderate corresponds to the rise in employment rates among older German workers.

The prevailing attitudes among employers and workers alike help to explain why investment in training and the upgrading of older workers is lower than in prime-aged workers. Employers often think that investments in older workers will not pay (van Solinge and Henkens 2010). Many older workers are reluctant to enrol in continued training, because they fear they may do poorly in formal learning and/or because they see little need to develop new skills, as they already have a good grip on their present work (Jensen 2011).

4. CULTURAL ORIENTATIONS AND MOTIVATIONS

Most sociologists agree that as societies evolve, they may undergo qualitative changes. As for the countries in our sample, which may be seen as belonging
to a wider group of countries in Western Europe and North America marked by variations of welfare capitalism (e.g. Esping-Andersen 1990), there are obviously competing interpretations of when and how they transform and with which significant consequences.

In *The Corrosion of Character*, Richard Sennett (1998) argues that our relationship to our work is becoming increasingly shallow and that human character – or the ethical nature of our aspirations – is undermined, which is leading to people finding meaning in communities (or even in consumption) rather than in the transitory nature of work. Others argue, however, that working life is a central arena for the construction of our identity and that work itself is a source of identity and self-realization (e.g. Honneth 2004). The notion of ‘early-exit’ as opposed to ‘late-exit arrangement’ thus refers to societies where people tend to have a strong work orientation; that is, societies where social norms and public morality are internalized as a felt need to participate in economic life through formal employment. To work may thus be a cultural orientation – *Leitbilder* or ‘ideals’ that guide individual action (e.g. Roex and Rözer 2018).

Studies have already demonstrated that there is generally a firm relationship between a strong work orientation and high employment rates, as seen in the Scandinavian countries (e.g. Andersen et al. 2001). Accordingly, studies have also shown that attitudes among older workers towards retirement timing are heavily influenced by wider social norms and how work is valued in workplace cultures (van Solinge and Henkens 2010), as well as by the extent to which older workers find work meaningful and enjoyable (Ilmarinen et al. 2005; Nilsson 2012). Importantly, some studies have highlighted how older workers

Table 6.6 Work orientation among ages 56–65

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
<th>ISSP total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1997–1999</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>40.1%</td>
<td>9.3%</td>
<td>3.8%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Agree</td>
<td>25.5%</td>
<td>46.3%</td>
<td>41.7%</td>
<td>38.4%</td>
</tr>
<tr>
<td>Strongly agree + agree</td>
<td>65.6%</td>
<td>55.6%</td>
<td>45.5%</td>
<td>52.6%</td>
</tr>
<tr>
<td><strong>2015–2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>29.7%</td>
<td>19.7%</td>
<td>14.1%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>37.2%</td>
<td>46.0%</td>
<td>47.6%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Strongly agree + agree</td>
<td>66.9%</td>
<td>65.7%</td>
<td>61.7%</td>
<td>57.1%</td>
</tr>
</tbody>
</table>

*Question:* Would R enjoy having a paid job even if they did not need money?

continue to work to the extent that it helps them to preserve their sense of identity with a work role (Fisher et al. 2016, p. 238).

Although it has been argued that mental structures and dispositions are slow to change (e.g. Bourdieu 2000), Table 6.6 reflects how intrinsic work values have gained importance between 1999 and 2017 among workers aged 55–64. Overall support for the statement: ‘I would enjoy having a paid job even if I did not need money’ has risen from 65.6% to 66.9% in Denmark, from 55.6% to 65.7% in Germany and from 45.5% to 61.7% in the UK, meaning that work values have been rather stable in Denmark while increasing dramatically in Germany and even more so in the UK. These figures indicate that an increase in dispositions to participate in economic life have accompanied (or functioned as a *sine qua non* for) employment increases among older workers in Germany. The British figures from 1999, on the other hand, seem to designate that while the UK as a whole displayed high employment rates around 2000, older workers specifically had a low work orientation; that is, they were reluctant or unwilling to work but may have been forced to do so for financial reasons. Nonetheless, the work orientation in all three countries in 2017 was markedly above the ISSP average, as were employment rates among older workers, suggesting that financial motivation may not be the primary factor that keeps older workers working.

5. **CONCLUSION**

This chapter has analysed changes in work ability among older workers in Denmark, Germany and the UK between 2000 and 2018, using indicators such as health, competences and values. The findings are summarized in Table 6.7. Table 6.7 clearly indicates that huge differences can be found between the 2000 and 2018 cohorts of workers aged 55–64. However, a distinction can be made between Germany, on the one hand, and Denmark and the UK on the other. As for Germany, the rapidly rising employment rates among older workers have clearly been associated with improving health, as reflected in rising life expectancy, healthy life expectancy and self-reported health. Table 6.7 also shows that older German workers are well educated (better than older workers in Denmark and the UK), and that a marked change in work orientation has occurred between 2000 and 2018. In 2018, older German workers displayed a strong working-life orientation. Overall, it may be concluded that a strong increase in the employment rate of older workers in Germany is linked to a strong increase in the overall work ability among this age group.

The patterns are different in Denmark and the UK, where employment rates in 2000 were already rather high and have been growing more slowly since then. Gradually rising employment rates have been accompanied by falling self-reported health, indicating that the health situation among older workers
Table 6.7  Summary table of changes in health, competences and values, 2000–2018

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Germany</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing life</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>expectancy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in healthy</td>
<td>Falling</td>
<td>Rising</td>
<td>Stable</td>
</tr>
<tr>
<td>life expectancy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-reported health</td>
<td>–</td>
<td>++</td>
<td>–</td>
</tr>
<tr>
<td>(very good or good)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Competences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of low</td>
<td>Low</td>
<td>Very low</td>
<td>Low</td>
</tr>
<tr>
<td>educated (ISCED 0–2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Older workers</td>
<td>Very high</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>participating in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>education and training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work orientation</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>(2015)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changing work</td>
<td>No change</td>
<td>Low→high</td>
<td>Moderate increase</td>
</tr>
<tr>
<td>orientation between</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997 and 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

has deteriorated slightly. In a Europe-wide comparative perspective, however, older workers in both Denmark and the UK are relatively well educated, and the work orientation has remained strong since 2000. Moreover, the strong work orientation in 2019 is a common feature for all three countries. Overall, however, it is worth noting that the increasing employment rates among older workers in Denmark and the UK are connected to a slight fall in work ability, especially regarding health. The fact that older workers nonetheless continue to work in these two countries may be explained by a felt need to work.

Patterns among older workers participating in education and training do not indicate that such measures impact the propensity of older workers to prolong their working life. Nonetheless, overall trends clearly indicate that changing work ability intersects with a transition from an early- to a late-exit age arrangement.

Still, the life course perspective (e.g. Kohli 1986; Dannefer 2003; Ferraro and Shippee 2009; Radl 2014, pp. 41ff.) argues that life histories structure
retirement timing, primarily because, across the life course, individuals are exposed to cumulative advantages/disadvantages that help to decrease/increase the risks of inactivity in later life. Whatever the case, work ability tends to vary by age. It is therefore hardly surprising that chronological age is one of the strongest predictors of retirement timing. The different risk factors associated with class (income, education, health), gender and ethnicity (e.g. Macnicol 2015, p. 126; Fisher et al. 2016) are interrelated, however, leading to a polarization of life conditions among older workers. The data in this chapter also indicate that it is the upper echelons of society that have benefitted most from the life expectancy increases.

NOTE

1. Conceptions of the joy of work, social obligations and internalized norms differ markedly from the concepts that are built into supply-side economics, which consider actions (e.g. retirement), as an expression of the attempts made by individuals to maximize their utility. Theoretically, utility is considered to be a function of budget constraints and preferences. Usually, however, preferences remain a black box in economic analyses – similarly to how supply-side economists can’t explain how preferences emerge or change over time. Instead, one is often presented with extremely reduced analyses, which solely seek correlations between the monetary incentives built into pension systems and actions (actions that are often referred to as ‘retirement decisions’), although the decision-making process is not analysed either (e.g. Blöndal and Scarpetta 1999).
7. Concluding discussion and perspectives

1. INTRODUCTION

Since around the turn of the millennium, many EU member states have been confronted with ‘mega’ challenges, such as demographic ageing, financial pressures on social security systems and labour shortages. To meet these challenges, the EU has encouraged its member states to mobilize more recruits to the labour market. The Lisbon European Council of 2000 suggested raising the employment rate of the population aged 20–64 to 70% by 2010, while the Europe 2020 strategy called for an increase in the employment rate to at least 75% by 20201 (for an overview of EU social policy for the period 1999–2019, see Vanhercke et al. 2020). As part of these employment targets, the EU has urged member states to make a fundamental shift in ‘older worker policies’: from an explicit early-exit policy to a policy aiming at extending working life.

But when it comes to older-worker employment, EU countries have followed different development paths in terms of pace, degree and the labour force participation programmes designed for older workers. In 2018, Denmark, Germany and the (then EU-member) UK belonged to a group of countries vastly exceeding the average older-worker participation rate in Europe. This development path in the three northern European countries has triggered the research question guiding this book: How can the rapidly increasing and high levels of employment among older workers in Denmark, Germany and the UK be explained?

Numerous studies have scrutinized the factors conditioning retirement timing, many of which use individual-level data that are analysed using quantitative methods and ad hoc hypotheses or middle-range theories as a frame of reference. Within this tradition, economists, for instance, argue that fluctuating labour force participation rates are the result of policy reforms and changing financial incentives. Together with many other factors, pension reforms obviously correlate to some degree with changing practices among older workers. However, to identify the effects of pension systems on retirement patterns is quite challenging. Hence, a long range of factors that economists (and the subjectivist philosophy in general) leave unobserved may be of importance.
for retirement timing. Likewise, ad hoc or middle-range theories deal with a delimited aspect of social life, neglecting how, for example, retirement incentives or social policies in general form part of larger age arrangements, meaning that incentives, life experience (working and earnings history) and actions are contextually embedded and structured (Fisher et al. 2016; Engels et al. 2017).

That human practices are embedded in a broad societal context is not necessarily unknown to the researcher who makes use of middle-range theories, ad hoc hypothesis or stimuli–response models. However, the aim of this book has been to contribute to the construction of a social theory of retirement by focusing more on contextual changes and less on stimuli–response behaviour, and a model has been constructed (see Chapter 1, Table 1.2). At the societal level, the model argues that the changing employment rates of older workers in Denmark, Germany and the UK are embedded in a societal or epochal change; that is, a change from an ‘early-’ to a ‘late-exit’ age arrangement. The role of older workers is different in an early- versus late-exit age arrangement. In an early-exit age arrangement, early exit/retirement is promoted and considered socially acceptable, whereas the gainful employment of older adults in the formal economy is seen as a moral obligation and normative ideal in a late-exit arrangement.

This transition intersects with changing norms, values and rationalities, epitomized as changing age cultures, structuring and structured by changes in the component parts of the age arrangement; namely, discourses, major societal institutions (i.e. the family, market, and welfare state), practices and individual characteristics/dispositions. Based on ideal-type reasoning, this book has analyzed how changes in the age arrangements tie in with

– How discourses have changed from supporting early-exit to supporting late-exit
– How major institutions in society have changed:
  • from a welfare state towards an enabling state
  • from closed towards open labour markets
  • from the male-breadwinner towards the dual-breadwinner model (among older segments of the population)
– How work orientations and work ability have changed

The different components in a given age arrangement are chemically interacting and possibly reciprocally self-reinforcing; that is, linked to each other in so-called ‘loops’ (cf. Olofsson 1994) that refer to interactive or reciprocal logics between discourses, policies, institutions, processes and practices constituting a transition from the early- to the late-exit age arrangement. The notion of loop mechanisms furthermore ties in with the concept of configura-
tion in Norbert Elias’s sociological theory (e.g. Elias and Dunning 1966), and such loops can work as follows:

- Economic growth and demographically induced labour shortages may support the creation of open labour markets.
- Open labour markets represent new prospects (i.e. new room for manoeuvre) for older workers; and it has repercussions for the structure of the family when older women are able (due to work ability) and willing to seize and utilize these new opportunities.
- The enabling state may also help to meet the increasing demand for labour by increasing the labour supply by means of welfare reforms/financial incentives or by forcing older workers to extend their working life by raising the state pension age.
- The new ideals and rationalities are ‘discoursed’ and help to change identities by making older workers more disposed to participate in the labour market, i.e. structuring the ‘conduct of the self’.

The social conditions of existence that structure social practices (here, the labour force participation of older workers) are an outcome of complex interactions between a multiplicity of factors operating at the individual, institutional and discursive levels. But the key question becomes how the different components in the age arrangement are interrelated. In the following, we will conclude our analysis by suggesting how loop mechanisms have spirally structured changing dispositions and practices among older workers in Denmark, Germany and the UK in the observed period between 2000 and 2018.

Some differences between the three countries stand out. In terms of the changing employment practices of older workers, Germany is a late but fast mover, in contrast to Denmark and the UK that are early but slow movers (see Chapter 1, Table 1.1). Henceforth, the analysis of the loop mechanisms structuring a change in systemic behaviour is divided into three subsections, where the German situation will be analysed and it will then be shown how Denmark and the UK deviate from the German experience – and how developments in Denmark and the UK differ. The review of the loop mechanisms in the three countries is followed by the overall conclusion of this book.

Denmark, Germany and the UK display high labour force participation rates among older workers. As such, in a Europe-wide perspective – and within the rhetoric of the EU – the three northern European countries stand out as ‘examples to follow’. In effect, the final part of this concluding chapter sets out to discuss the extent to which the northern European experience is transferable in a socially sustainable way to other countries in Europe. Using the theoretical model (see Chapter 1, Table 1.2) as a frame of reference, the discussion will focus on why pension reforms in France – contrary to the
situations in Denmark, Germany and the UK – were met with social conflicts and resistance.

2. LOOP MECHANISMS GENERATING CHANGES IN SYSTEMIC BEHAVIOUR

It is hardly controversial to claim that multiple, interrelated or reciprocally interdependent factors condition retirement timing. Aristotle had already propagated causal pluralism (cf. Stein 2011), an idea that resembles what John Stuart Mill labelled ‘chemical causality’. Along the same lines, Hofäcker (2010), has called for multifactorial explanations, arguing that both the supply of and demand for labour must be addressed if retirement is to be delayed.

Chemical causality may be analysed using ‘method of agreement’ (Przeworski and Teune 1970; Ragin 1987), which parallels the construction of typologies that have the greatest scientific value when a ‘large number of variables go together’ (Stinchcombe 1987, p. 44). The truth tables constructed in Chapters 2–6 demonstrate how a large number of variables ‘go together’ in different domains of society; that is, in discourses, institutions and the characteristics of individuals.

The aim in the following is to suggest how variables that ‘go together’ by crosscutting the different domains of society are logically (or chemically) interrelated. Hence, the focus is on patterns or loop mechanisms that can be analysed as interactive logics. It is not a case of a cause–effect description or that some factors (e.g. discourses) have primacy over other factors, despite the presentation possibly opening up for such an interpretation.

2.1 The German Loop: Late But Fast Mover

The dramatic increase in the employment rate of older German workers in the past 25 years epitomizes changing practices structuring a transition from an early- to a late-exit age arrangement, which has been framed by profound discursive, socio-economic and political-institutional changes. Already in the early 1990s, ideals about late-exit were discoursed by policy, campaign and discourse organizations, but it was first around 2000 that those new ideas about work and retirement materialized as rapidly developing late-exit practices.

- Late-exit practices were conditioned by the ‘opening’ of labour markets, which in turn was favoured by economic growth generating a very strong increase in the demand for labour. Simultaneously, demographic changes markedly reduced the number of prime-age workers, resulting in
Rapidly increasing retirement ages

low unemployment levels and labour shortages, which led to a dramatic increase in the demand for older workers.

- These trends were supported by new discourses (emanating from policy, campaign and discourse organizations) and modes of discursive regulations drawing employer attention towards older workers as employees. Information and age-awareness campaigns promoted the qualities of older workers, while culture-steering initiatives in the form of codes of good conduct, benchmarking and the collection and spreading of best practices encouraged employers to adopt senior policies that were topped up by offering SMEs free consultancy concerning age management. This was backed by anti-age discrimination campaigns and legislation that reduced discrimination against older workers, thus indicating a shift in employer perceptions, attitudes and practices towards older workers.

- That older workers were seen as an untapped resource created new room for manoeuvre for older workers, and they were willing and able to exploit these opportunities because their ‘work orientation and work ability’ had changed. Those 55–64 years of age in 2018 were significantly different from the same age group in 2000. Measured in terms of life expectancy and self-reported health, the functional capacities of older workers had improved, enabling them to continue working. Older workers also internalized the late-exit credo – work-orientation among older workers grew dramatically.

- Compared to Denmark and the UK, older German workers are better trained, indicating a potential to prolong working life beyond the Danish and UK experience; education level being a strong predictor for retirement timing. To preserve work ability, discursive campaigns also encouraged employers to design work to minimize physical and mental strains. At the same time, average work became less physically demanding due to a relative increase in the service sector.

- From a supply-side perspective, unemployed older workers – or older workers seeking new employment opportunities – were supported by work ability policies such as active labour market policies. The job centre was upgraded to improve employment opportunities for older workers. These measures included better guidance, counselling, coaching and help with job applications etc. Job centres provided access to training adjusted to the work-experience and learning needs of older workers. Moreover, wage subsidies for the 50+ demographic were introduced and expanded (e.g. subsidies covering 30–50% of the costs were paid to companies that hired older workers), and older workers wishing to start their own business were eligible for a subsidy.

- Late retirement was promoted further by the emergence of the ‘enabling state’ making it less attractive to retire early, given that early retirement...
led to actuarial pension deductions. Moreover, rebalancing the actuarial principles of the pension system led to a decline in the quality of pension benefits, which left a relatively large proportion of pensioners (65+) at risk of poverty, which, *ceteris paribus*, became an incentive to prolong working life. Older workers who actually continued to work beyond the state pension age were offered various alternative options: they could claim their pension benefit without reductions while working or continue to make pension contributions on their earned income, denoting that combining pensions and work income was encouraged.

- Coercive sticks of the enabling state materialized in the form of an older statutory age of retirement. First between 1999 and 2004, when the state pension age was raised for men and women to age 65. Next, it was decided in 2007 to raise the state pension age incrementally to 67; a measure that is expected to be fully implemented in 2029. Parallel to the changing pension systems, access to the early-retirement scheme was restricted. In effect, people with insufficient private savings or household wealth would not have any ‘free’ choice concerning their retirement timing, so the reform of rules for pension and early retirement undoubtedly impacted the retirement timing of large groups of older workers. Still, a minor correction was made in 2014 allowing those with at least 45 contributing years to retire two years earlier than the state pension age without deductions in benefits. In 1992, those with 35 contributing years could opt for a pension from age 60 without reduced benefits.

- Access to early-retirement pathways (e.g. disability and unemployment benefits) was accordingly restricted: the health eligibility criteria were tightened for disability pensions, the duration of unemployment benefits was abbreviated and the 58-year rule terminated in 2007. Social assistance became less financially attractive, and the recipients of sickness benefits (Germany displayed a high rate of sickness benefit beneficiaries) became obliged to participate actively in preventive medicine.

- As part of the opening of labour markets, rising wages increased the utility of entering or remaining in the labour market. From the perspective of gender, it is worth noting that the gender pay gap narrowed markedly, while incentives for women to enter or remain in the labour market were strong due to a huge pension gender gap. Unsurprisingly, then, female employment among 60–64-year-olds quadrupled between 2000 and 2018. The typical female disposition thus shifted from being centripetal (home-centred) to being centrifugal (work-centred).

- The changing practices and dispositions of women paved the way for a transition towards the ‘dual-breadwinner model’ among older segments (55+) of the population. Often, however, older women are assigned a role as ‘sandwich’ or dual-responsibility carers. Changing practices and family
structures were therefore preconditioned by work–family life reconciliation policies easing the pressure on older women to act as carers.

- The need for grandparenting may depend on the quality of maternity leave and the provision of high-quality, affordable childcare institutions. In this respect, the maternity leave scheme only changed marginally, while the right to childcare was fully institutionalized in 1999, leading to an increase in the enrolment of children in public (rather costly) childcare institutions between 2000–2017. As for eldercare, a universal long-term care insurance scheme was introduced in the mid-1990s, and a growing proportion of the population are receiving long-term care. A basic problem, however, is that the German trust in eldercare institutions remains limited (i.e. a lag in the cultural orientation), and cultural orientations tend to ‘dictate’ that good and caring daughters or daughters-in-law take care of their older relatives themselves. A relatively large share of older women therefore provide care for an elderly relative on a daily basis, and 14% of older women report that caring limits the amount of paid work they are able to do.

On that background, it is hardly surprising that a relatively large proportion of older women work part-time to balance their work–care responsibilities. Still, less involuntary part-time work is being carried out, and the gender differences in the effective age of retirement are smaller, indicating that German couples are increasingly synchronizing retirement.

### 2.2 The Danish Loop: Early and Slow Moving

From a comparative perspective, a relatively large share of Danish older workers were an integrated part of the workforce around the millennium, indicating that Denmark can be characterized as an early mover. Still, between 2000 and 2018, a steady employment growth rate among older workers can be observed; for example, the employment rate among 60–64-year-old women doubled (while quadrupling in Germany); a development suggesting that Denmark is an early but slow-moving country regarding the changing practices among older workers. Nonetheless, these changes represent a structural shift in the work–retirement nexus, epitomized as a transition from an early- to a late-exit *age arrangement*. Hence, the loop mechanisms constituting Denmark as an early but slow mover were structured around the following patterns of interaction between changes in discourses, policies, institutions, and in the characteristics and dispositions of older workers:

- The changing practices among older workers were framed by austerity *discourses* emanating from international and national policy, campaign and discourse organizations, propagating the postponement of retirement.
In tandem with the discursive change, labour markets opened, albeit not at the same pace as in Germany. Employment prospects for older workers improved (i.e. new room for manoeuvre emerged) due to a numerical increase in the number of jobs, while demographic change simultaneously caused the volume of jobseekers in the 25–55 age group to decrease. This left employers with no other option but to cast their ‘loving gaze’ upon older workers. Employers reoriented their attitudes and willingness to retain older workers, not least by adopting age management policies. Retention rates increased and – as a new phenomenon – the level of unemployment among younger and older workers converged at a rather low level.

The changing attitudes and practices of employers were encouraged by soft and hard law measures. Soft law was launched as public-orchestrated strategic communication in the form of awareness campaigns, culture/benchmark/good practice steering, knowledge transfer in terms of age management toolboxes, and free consultancy to workplaces wishing to implement age management policies, garnered with slogans like ‘grey is beautiful’. Hard law in the form of anti-age discrimination legislation helped to reduce discriminatory practices among employers. Perceptions of the scale of age discrimination have weakened among Danes.

To meet the employer demand for labour, the welfare state was restructured to increase the labour supply, epitomized as a transition from a welfare to an enabling state. Already around 2000, the Danish pension system met all of the World Bank requirements and recommendations. Nonetheless, the intensity of welfare reforms has been very high in Denmark. As such, Denmark may serve as an example showing how the lesser the problem (in terms of demographic challenges), the more high-pitched the political rhetoric regarding the need for welfare reforms. Under the banner: ‘We shouldn’t pay healthy people to leave the labour market’, welfare policies became the subject of re-commodification and retrenchment, rather like the development trajectories in Germany:

- The pension system was subject to privatization (a three-pillar system was phased in), and the state pension age was raised to 67 and linked to developments in life expectancy, although the statutory age of retirement remained 65 between 2004 and 2018.
- The obligation to retire at the statutory age of retirement was abolished, and opportunities to combine pension (or partial pension) and work income (or partial work income) was improved.
- In general, the postponement of retirement was rewarded. Incentives to postpone retirement were built into the early-retirement and pension system in the form of a lump-sum reward or higher pensions. Even
a tax credit was awarded for a shorter period if older workers postponed retirement.

- Early retirement was restricted, given that it was made less attractive, and the age of eligibility was raised.
- Alternative pathways (e.g. unemployment, welfare, disability and sickness benefits) were profoundly reformed to support paid work. Overall, eligibility criteria were made stricter, the duration of benefits shortened, and control, monitoring and sanctions were sharpened. Disability pensioners were offered a ‘flex job’ and unemployment beneficiaries a ‘senior job’.

- Active labour market policies further stimulated the supply of labour by mobilizing new segments and new social groups for labour market participation, as well as helping individuals to postpone retirement. In this respect, Denmark is a high-spending country. Job centres were highly attentive towards older jobseekers, who were offered effective employment assistance in the form of guidance to job-seeking, training, re-training and ‘early activation’ that included a wage subsidy (or in-work benefits).

- Wage increases rendered it attractive to keep working, which had special bearing on women, given that the male‒female wage gap had narrowed markedly.

- However, work ability in the form of functional capacities, competences and work motivation changed little between 2000 and 2018. Work orientation remained rather stable (at a very high level). Education levels improved, but relatively fewer older workers were enrolled in training/re-training. Still, a unique feature in Denmark is that the employment gap between low- and highly educated persons is relatively low.

- The health conditions of older workers were to be expected to improve, given the developments in the (less physically demanding) post-industrial service sector, falling self-employment, and the introduction of specific provisions for arduous/hazardous work. While overall life expectancy increased, healthy life expectancy and self-reported health went backwards. These trends were accompanied by a minor correction in 2011 with the introduction of a fast-track disability pension scheme for older workers.

- Nonetheless, changing practices among older workers, especially women, were embedded in a break with the traditional gender role ideologies associated with the de-standardization of the family and the emergence of the dual-breadwinner family, where marital relationships are more symmetrical and couples tend to synchronize retirement.

- As to work–family life reconciliation policies, the Danish experience differs from the German case, and even more so from the UK. Labour market participation rates among mothers with young children are high, and women seem to postpone childbirth, which tends to delay retirement.
Concluding discussion and perspectives

High maternal employment rates coincide with high-quality childcare and eldercare arrangements. Take-up rates are high, as trust levels in public care provisions are high. High take-up rates mean that older women do not feel obliged to live a life as double sandwich-carers, and older women do not feel that care obligations limit the amount of paid work they can do. In effect, part-time work among older women is becoming less common, and most of the older women working part-time is because they prefer to do so.

It remains to be said that some improvements were introduced regarding the pension system between 2000 and 2018. Thus, pensioners are at less risk of poverty and the pension gender gap has narrowed, indicating that older workers were not forced to prolong their respective working lives beyond the state pension age to escape poverty in old age.

2.3 The UK Loop: Early But Slow Moving

Like Denmark, the UK has been an early but slow mover in terms of the employment practices of older workers. However, the UK case differs markedly from the Danish experience. Hence, discourses on exit/retirement have historically been framed in economic terms in the UK, and comprehensive early-retirement schemes never developed. As a need for early retirement evolved in the 1970s due to a restructuring of the economy, older workers subject to ‘push’ utilized private pension schemes as well as the disability pension scheme, which was characterized by loose medical assessment eligibility criteria. This rendered disability benefits a de facto early-retirement scheme. Around the millennium, however, a discourse emanating from policy, campaign and discourse organizations reaffirmed ideals about late-exit, not least regarding the raising of the state pension age for women and individual responsibility. The loop mechanism constituted a rise in employment for those aged 55–64, which as of 2000 ran as follows:

- The transition to ‘late exit’ was stimulated by labour markets becoming more open. Economic growth created 4.3 million new jobs between 2000 and 2018. However, the numerical growth in employment among the 25–54 age group increased by only 2.2 million, leaving 2.1 million vacancies that were filled by individuals aged 55–64. Although self-employment was encouraged, economic stimuli had no significant impact on development trajectories regarding self-employment.
  - Growth in the retention of older workers was framed by discursive campaigns in the form of strategic communication and culture governance aimed at influencing how employers perceive older workers. Good conduct was furthermore encouraged by, for example, Age Positive campaigns,
helping employers to adopt age management policies that facilitated longer working lives.

– To improve the position of older workers on the labour market, job centres reinforced guidance, counselling and support services for job-seeking older workers; although it is worth noting how, in a comparative perspective, the UK spends very little on active labour market policies. Even though life-long learning and the development of adult education and training were promoted, the proportion of older workers enrolled in training/retraining decreased. However, the job-centre guidance services provided to older workers tied in with stronger employment protection and the adaptation of the EU age discrimination directive. Still, it is to be noted that the popular perception of the prevalence of age discrimination in the UK only decreased slightly.

– The employment of older workers was also stimulated by overall wage increases, strengthening the financial incentive to continue working. The gender pay gap narrowed somewhat, contributing to the labour supply among older women. Between 2000 and 2018, the employment rate among women aged 60–64 more than doubled. This ties in with older women becoming more centrifugally orientated and the waning prevalence of traditional gender ideologies.

– The labour supply of older workers was also advanced by development trends in the direction of the enabling state. Eligibility criteria were tightened and activation measures introduced in relation to the major early-exit pathway in the UK: the disability benefit scheme. Likewise, entitlement assessments were made stricter, and activation and rehabilitation measures introduced in relation to unemployment, welfare and sickness benefits increased the attractiveness of work and prevented these benefits from being used as alternative pathways to early retirement.

– The financial formula of the pension system changed, moving in the direction of a defined-contribution model that supposedly provides a strong incentive to work longer. For women, the statutory age of retirement was raised from 60 to 65, and supplementary, strong economic incentives to postpone retirement were established. Default retirement was abolished, and flexible retirement was encouraged by improving the opportunities to combine paid work with partial retirement; for instance, wage earners beyond retirement age no longer had to contribute to the National Insurance.

– The ‘triple lock’ rendered the pension system more economically sustainable, and the quality of pensions improved. Still, incentives to continue working remained strong, given that approximately 20% of all pensioners found themselves below the poverty line, which is a higher figure than in Denmark and Germany.
Hence, it is worth noting that the ‘triple-lock’ reform did not include part-time workers earning less than £10 000 annually, which deepened the gender gap in pensions, as women work part-time much more often than men. As such, the reform contained an incentive to change from part- to full-time, but part-time work among women fell only slightly.

Older women were prevented to some degree from working full-time, because they were caught in a role as ‘sandwich’ caregivers. Older women report that both childcare and eldercare limit the amount of work they can do, even though maternal employment is relatively low. Hence, informal care is very widespread, also because the trust levels in public care arrangements are rather low.

Nonetheless, the family structures among older cohorts have changed. Gender differences in employment have decreased, as has the mean age of marriage, while the mean age of childbirth has increased, leading to smaller differences in the average effective age of retirement between men and women, indicating that couples synchronize retirement.

As for work ability, discursive awareness campaigns regarding workplace accidents, injury and ill health were launched, and working conditions seem to have improved. Simultaneously, levels of employment in the service sector grew, indicating that working conditions became more conducive to work until retirement. Life expectancy increased, but self-perceived health decreased, as in Denmark.

Although the employment gap between low- and highly educated older workers is rather low in the UK, it is worth noting that the education level of the population has increased; especially the proportion of the population with less than primary school has fallen markedly. Overall, however, the UK experience seems to indicate that education levels play a minor role for the labour supply of older workers.

In return, the work orientation among the 55–64 group increased strongly, supporting dispositions to participate in economic life; that is, this age group was increasingly willing to exploit the new opportunity structures or the new room for manoeuvre offered to them.

3. CONCLUSION

The aim of this study has been to anchor reflections on rapidly increasing employment rates in Denmark, Germany and the UK in basic notions of society, the main claim being that the changing behaviour of older workers is part of a societal transition from an ‘early-’ to a ‘late-exit age arrangement’. The component parts that are internal to an age arrangement have been analysed, and it has been shown how the different components have developed,
and how they interact and relate to one another, as well as how they are self-reinforcing in so-called ‘loops’.

Although differences between the development trajectories in Denmark, Germany and the UK can be found, the processes and dynamics of change in all three countries intersect with changes in the age culture and the working-longer ideal. This Zeitgeist, dispositif, or societal rationality has become the prevailing intellectual, cultural, political and institutional framework for social action in all three countries.

The age culture structures and is itself structured by the components of the age arrangement, and it has been found empirically that in each of the three countries, discourses, welfare states, labour markets, families and the characteristics of individuals tend to be structured along the same social principles and have evolved in the same direction: all structured by the imperative of working longer. This means that changes in the components of the age arrangement have been found to be structured through numerical series of moves that have been produced and reproduced by coherent practices. In all three countries, we have empirically identified a trend towards late-exit discourses, enabling welfare states, open labour markets, the dual-breadwinner model, a strong (or stronger) work orientation and work ability improvement – all of which are linked to each other, produced and reproduced by practices, structured by working-longer rationalities.

Given that the different parts of an age arrangement tend to move in the same direction due to their embeddedness in a transition from an early- to a late-exit age arrangement, it is hardly surprising that stimuli–response models, for instance, are able to find statistical correlations between a given behaviour and different variables (‘predictors’); for example, correlations between behaviour and different observation units in relation to the welfare state, labour markets, family, the characteristics of individuals and so on. The question therefore becomes whether it is possible cross-sectionally or longitudinally to isolate the effects of the different variables ‘from the complete system of relations within which they act’ (Bourdieu et al. 1991, p. 46), referring to the meaning and effect of an observation unit (variable) is conditioned by how it is inserted in a larger structure or age arrangement.

To this question, the answer, which is the main finding and message of this study, is that the changing practices of older workers and changing age arrangements (and their component parts) are mutually constitutive and recursively linked, calling for comprehensive and society-centred approaches in future analyses of retirement timing.
4. DISCUSSION: TRANSFERABILITY?

The European Union functions as a Europe-wide hub of information and knowledge about ‘what works’. That is, the EU is a policy-transfer platform (Radaelli 2000), often based on the experience of so-called model countries. To give direction to policy development in member states, the EU primarily makes use of culture and benchmark-steering, as in the form of so-called ‘employment targets’ backed by country-specific recommendations in the so-called European Semester process, to persuade member states to prolong working life. In this respect, the experiences in Denmark, Germany and the UK are of political relevance, given that the three countries belong to a small group of European countries in which employment rates are very high and have been rapidly increasing. Hence, from an EU perspective, Denmark, Germany and the UK stand out as ‘best practice’ cases and examples worth following. Full attention should be given to the German case in particular, as the German older-worker employment rate sky-rocketed from 2000 to 2018. In this period, Germany moved from being a country exhibiting one of the lowest older-worker employment rates to having one of the highest such rates in all of Europe.

But the German transformation is not without problems. Social inequalities have been exacerbated (Naegele and Hess 2021), as seen in the polarization of health conditions between the low- and highly educated segments of the population. From a social order/disorder perspective, however, it is noteworthy that the German transformation from an ‘early-exit’ to a ‘late-exit’ age arrangement has proceeded without major outbreaks of social conflict. The question becomes, then: can this German experience be transferred to other European countries?

The transferability perspective is based on the idea that ‘best practices’ are transferable across different social structures and decision-making systems, and ideas about policy transfer are usually anchored rhetorically in cause-and-effect descriptions (Börzel and Risse 2009), meaning that one should expect the effect of a cause to be the same in all contexts. For instance, policy transfer ideas are based on the causal belief that pension reforms will enhance the employment prospects of older workers while the social order (as in Germany) can be kept intact.

The next question then becomes: to what extent and under which conditions can transnational policy transfer be expected to be more or less successful, as seen from the perspective of social order? Based on the analytical model developed in this book, the French case will briefly be analysed. The French case has been chosen because France has recently introduced reforms that do not seem radical when compared to the pension reforms introduced in
Denmark, Germany and the UK. Nonetheless, contrary to the experience in the European north, French pension reforms have been met with fierce social resistance. Hence, it will be argued that the French move towards a late-exit age arrangement has been conflict-ridden due to incompatibilities between the different components of the age arrangement, leading to low levels of social/system integration (Lockwood 1964; Archer 1996; Mouzelis 1997).

4.1 The French Experience

The Macron pension reform was relaunched and presented in early January 2023 by then-French Prime Minister Elisabeth Borne. The centrepiece of the plan was to increase the minimum state pension age from 62 to 64 by three months annually until 2030, and the options to retire early (before age 64) would be terminated. The reform would bring the state pension age in France more in line with its European neighbours. However, the reform prompted widespread protest and angry reactions. Over one million people protested nationwide, and opinion polls have shown that two-thirds of the population oppose the reform (c.f. France 24, 19/03/2023).

Outside observers have wondered what all the public anger was about, given that the reform did not seem to be particularly radical, at least compared to the pension reforms in Denmark, Germany and the UK. That a reform – which from the perspective of other countries represents a mere minor adjustment – can give rise to such intense protests is a puzzle that must be solved. While the following is by no means a comprehensive, in-depth analysis of the sources of resentment of the Macron pension reform, using the theoretical model developed in this book may illustrate that the French protests are due to incompatibilities between the different elements in the French age arrangement.

Like the policy, campaign and discourse organizations in Denmark, Germany and the UK, the discursive and rhetorical frame used by Macron was dominated by austerity, calling for reductions in government spending, and to ease public finances by increasing the employment rate among older workers. As part of the political process, however, the discourse focused increasingly – in the end, almost solely – on the financial imbalances of the pension system. Yet contrary to the respective situations in the three North European countries, the French discourse was not hegemonic. Leading economists disagreed about the urgency of the reform. Even the highly respected campaign organization, Conseil d’Orientation des Retraites (COR), which provides pension analysis for the government and prepared the report upon which Macron’s reform proposal was based, made unclear statements. In fact, leading critical economists actually based their critique of the reform on the COR report (Zemmour 2023).

Critical assessments concluded that the pension system was already rather healthy; that other income sources are available, such as higher taxes on wealth
and higher-income groups, and that expected gains were overly optimistic because the reform would in all likelihood result in rising unemployment (Barbier and Zemmour 2023); that is, the discourse was not coherent, undermining the legitimacy of the pension reform proposal.

The Macron 2023 pension reform supported a transition towards the enabling welfare state by prolonging the contribution period to obtain a full-rate pension from 42 to 43 years and increasing the retirement age to 64, which would penalize low-income people in manual jobs, which was similar to the pension reforms in Denmark, Germany and the UK. Furthermore, the 2023 reform was introduced on top of previous reforms raising the retirement age from 60 to 62 (enacted as of 2010) and introducing incentives to prolong working life (Rochut and Ogg 2020), and unemployment benefits that previously were used as a main pathway into early retirement were thoroughly retrenched.

The pension reform was not counterbalanced by the opening of labour markets. Seniority wages are common in France, and the economic rationality of seniority wages provides an incentive to dismiss older workers (Baguelin and Remillon 2014; Frimmel et al. 2018), inasmuch as their productivity may decline with age. In effect, older workers are dismissed on a massive scale prior to reaching the state pension age. In 2021, the retention rate for workers aged 60–64 was 55% in Denmark, 65% in Germany and 51% in the UK, but only 38% in France. Older workers dismissed before becoming eligible for a full pension are offered means-tested benefits and run the risk of ending up in poverty. Contrary to the situation in the three northern European countries, the 2023 pension reform in France has not been combined with measures to improve the employment prospects of older workers, that is opening labour markets.

As for work ability and cultural orientations, retirement in France is considered among all cohorts to be well deserved after many years of hard work (Roland-Lévy and Berjot 2009; Apouey 2022). Older workers are prioritizing family life and leisure activities, and work orientation is rather low. The proportion of 56–65s in 2015–2017 responding ‘Strongly agree’ or ‘Agree’ to the following statement: ‘I would enjoy having a paid job even if I did not need money’, was 67% in Denmark, 66% in Germany, 62% in the UK, but only 49% in France (cf. ISSP 2017), indicating that the work orientation among older workers in France is rather low.

So, the French experience seems to indicate that protests arose because the institutional configuration in France differed from the situation in Denmark, Germany and the UK. In France, institutional misfits causing social suffering can be found, given that enabling welfare state pension reforms were introduced in the face of non-hegemonic discourses, closed labour markets and low levels of workability.
5. EXIT

Contrary to the situation in Denmark, Germany and the UK, the Macron pension reform in France triggered social disorder for several reasons: large segments of the population perceived it to be unjust, as the reform was expected to cause social suffering, especially among the most vulnerable segments of the labour market. Social suffering was expected because the reform gave rise to incompatibilities between different components of the age arrangement. Hence, the reform pushed the welfare state in the direction of an enabling state, which was contradicted by non-hegemonic discourses and closed labour markets. Closed labour markets prevent older workers from continuing to work, and older workers in France were only moderately willing to work longer. Hence, incompatibilities between the rationality of the welfare reform and worker dispositions and work orientations were also at play. Thus, social conflicts occurred because social logics, age cultures and age arrangements that have been perceived as meaningful and rational were suddenly disrupted by the emergence of new social conditions, carrying limited prospects for older workers. As argued by Blyth (2002), social conflicts may occur when society is confronted with new ideas or ideals emerging due to new challenges, crises or uncertainty, such as uncertainties resulting from the ageing of populations.

While the French pension reform generated massive social conflict, a lack of correspondence between the objective conditions of existence and dispositions will not automatically result in strong resistance, as such mismatches may function as a 'source of misadoption as well as adaptation, revolt as well as resignation' (Bourdieu 1977, p. 62). Whatever the response – revolt or resignation – incompatibilities and mismatches are sources of social suffering that threaten social cohesion. If it is to succeed in retaining more seniors in the labour market in a socially sustainable manner, it is important that political efforts to get more seniors into work are both in accordance with the dispositions and work ability of older workers and that room for manoeuvre in working life exists.

NOTE

1. More recently, The European Pillar of Social Rights Action Plan calls for at least 78% of people aged 20–64 to be employed by 2030.
References


References


Rapidly increasing retirement ages

**a Multi-Age Workforce.** New York: Routledge, pp. 3–22. Available at: https://doi-org.zorac.aub.aau.dk/10.4324/9780203776322.


References


Rapidly increasing retirement ages


Rapidly increasing retirement ages


Naegele, G., & Bauknecht, J. (2013). *Conceptual Framework, MoPAct (Mobilising the Potential of Active Ageing)*. Available at: https://drive.google.com/file/d/1-A5dXUroX7u7SD32Azw0sNTGOLT2Jqi/view.


Rapidly increasing retirement ages

OECD (2016a). Late Career Scoreboard, 2006 and 2016. Available at: www.oecd.org › els › emp › Copy of Late_Career_Scoreboard.


OECD.Stat. Available at: https://stats.oecd.org/.


Rapidly increasing retirement ages


Statistikbanken. Available at: https://statbank.dk/statbank5a/default.asp?w=1280.


References


Index

active ageing 23–4, 41
active labour market policies 78, 93–6, 144, 146
employment services 94–5
spending on 95–6
age arrangements 4–12
early-exit 5–7, 9–11, 17–18, 21, 29–30, 40, 42, 56, 62, 75, 123, 125, 132, 136, 139, 142, 147, 149
late-exit 5–7, 9–11, 18, 34, 36–7, 41, 75, 100, 103, 118, 123, 125, 132, 136, 139, 142, 145, 147–9
age culture 5–6, 10, 30
age discrimination 76–7, 83–4, 140, 146
anti-discrimination legislation 77–8
see also ageism
age stereotypes 77
ageing discourses 6–7, 16–38
in Denmark 25–9, 142
in Germany 29–33, 140
international 20–25
in the United Kingdom 33–5
ageism 19, 76, 83–4
see also age discrimination
Allan, J. 41
anti-discrimination legislation 84, 140, 146
Averting the Old Age Crisis (World Bank) 21, 44
Ayudhya, U.C.N. 34
Bettio, F. 115
Blyth, M. 152
Bourdieu, P. 44, 104
bridge employment 84
buffer theory 79

childcare 8, 102, 110–15, 122, 147
institutions 114–15
leave schemes 112–14
maternity leave 112–13, 142
closed labour markets 8, 10, 75–6, 96, 152
comparative method 12
competences 125, 129–31
Corrosion of Character (Sennett) 132
couples coordinating retirement see joint retirement
Cribb, J. 43
cultural orientations and motivations 131–3
Cumming, E. 40–41
Davey, A. 109
de Vroom, B. 5
defamilialization of the family 8–9, 105–7
demographic change 77–82, 139
Denmark
age discrimination 84
ageing discourses in 25–9, 142
childcare 111–15, 122
competences 129–31
disability pension 54–5, 67
divorce rates 105
eyearly retirement 51–3, 61–9, 143–4
economic growth 81
eldercare 115–18, 122
employment protection 83
employment rates among older workers 1–2, 5, 13–14, 16, 43, 62–3, 72, 79, 96–8, 128, 136–8
fertility rates 106
gender wage gap 89, 144
health 126–9, 144
job tenure 82, 85
joint retirement 107–9
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page References</th>
</tr>
</thead>
<tbody>
<tr>
<td>labour market policies</td>
<td>94–5</td>
</tr>
<tr>
<td>life expectancy</td>
<td>126, 128, 144</td>
</tr>
<tr>
<td>loop mechanisms</td>
<td>138, 142–5</td>
</tr>
<tr>
<td>marriage rates</td>
<td>105</td>
</tr>
<tr>
<td>mean age of women at childbirth</td>
<td>106</td>
</tr>
<tr>
<td>old-age dependency ratios</td>
<td>1–2, 37</td>
</tr>
<tr>
<td>pension systems</td>
<td>44–5, 50–51, 65–6, 143, 145</td>
</tr>
<tr>
<td>poverty among pensioners</td>
<td>49, 65, 145</td>
</tr>
<tr>
<td>productivity growth rates</td>
<td>88</td>
</tr>
<tr>
<td>selection for study</td>
<td>13</td>
</tr>
<tr>
<td>self-employment</td>
<td>87</td>
</tr>
<tr>
<td>sickness benefits</td>
<td>60–61, 68, 144</td>
</tr>
<tr>
<td>single-person households</td>
<td>105</td>
</tr>
<tr>
<td>state pension age</td>
<td>50, 71, 143</td>
</tr>
<tr>
<td>structural change in the economy</td>
<td>85–6</td>
</tr>
<tr>
<td>total employment</td>
<td>81</td>
</tr>
<tr>
<td>unemployment</td>
<td>79–80, 143</td>
</tr>
<tr>
<td>unemployment benefits</td>
<td>56–8, 67–8, 144</td>
</tr>
<tr>
<td>wages</td>
<td>87–9</td>
</tr>
<tr>
<td>welfare benefits</td>
<td>59, 67, 144</td>
</tr>
<tr>
<td>women’s employment in 89–90</td>
<td>100–102, 104, 106, 119, 123, 142, 144–5</td>
</tr>
<tr>
<td>working conditions</td>
<td>91, 93</td>
</tr>
<tr>
<td>disability</td>
<td>35, 54, 127</td>
</tr>
<tr>
<td>disability pension</td>
<td>29, 42, 52, 54–6, 59</td>
</tr>
<tr>
<td>in Denmark</td>
<td>54–5, 67</td>
</tr>
<tr>
<td>in Germany</td>
<td>55, 67</td>
</tr>
<tr>
<td>in United Kingdom</td>
<td>55–6, 67, 145</td>
</tr>
<tr>
<td>discourse organisations</td>
<td>18–19</td>
</tr>
<tr>
<td>discourses and ideals</td>
<td>16–38</td>
</tr>
<tr>
<td>discourses on ageing</td>
<td>6–7, 16–38</td>
</tr>
<tr>
<td>in Denmark</td>
<td>25–9, 142</td>
</tr>
<tr>
<td>in Germany</td>
<td>29–33, 140</td>
</tr>
<tr>
<td>international</td>
<td>20–25</td>
</tr>
<tr>
<td>in the United Kingdom</td>
<td>33–5</td>
</tr>
<tr>
<td>divorce</td>
<td>105, 119</td>
</tr>
<tr>
<td>dual-breadwinner family model</td>
<td>3, 7, 9–11, 100, 102–6, 110, 112, 119, 141, 144, 148</td>
</tr>
<tr>
<td>dual-breadwinner model</td>
<td>3, 7, 9–10, 102–6, 110, 112, 119, 141, 144, 148</td>
</tr>
<tr>
<td>alternative pathways not intended to function as early exit options</td>
<td>56–61</td>
</tr>
<tr>
<td>in Denmark</td>
<td>51–3, 61–9, 143–4</td>
</tr>
<tr>
<td>disability pension</td>
<td>29, 42, 52, 54–6, 59</td>
</tr>
<tr>
<td>in Germany</td>
<td>53, 61–9, 141</td>
</tr>
<tr>
<td>programmes designed to allow older workers freely to exit</td>
<td>51–4</td>
</tr>
<tr>
<td>relationship with behaviour</td>
<td>42–4</td>
</tr>
<tr>
<td>in United Kingdom</td>
<td>54–5, 61–2, 64–9, 145</td>
</tr>
<tr>
<td>early-exit age arrangements</td>
<td>5–7, 9–11, 17–18, 21, 29–30, 40, 42, 56, 62, 75, 123, 125, 132, 136, 139, 142, 147, 149</td>
</tr>
<tr>
<td>Economic Advisory Councils</td>
<td>18, 26–9</td>
</tr>
<tr>
<td>Economic growth</td>
<td>80–81, 138, 145</td>
</tr>
<tr>
<td>education</td>
<td>129–31</td>
</tr>
<tr>
<td>Eismann, M.</td>
<td>105</td>
</tr>
<tr>
<td>eldercare</td>
<td>8, 102, 110, 115–18, 122–3, 142, 147</td>
</tr>
<tr>
<td>Elias, N.</td>
<td>138</td>
</tr>
<tr>
<td>employment protection</td>
<td>77, 82–3, 146</td>
</tr>
<tr>
<td>employment services</td>
<td>94–5</td>
</tr>
<tr>
<td>enabling state</td>
<td>41, 140–41, 143, 146, 148</td>
</tr>
<tr>
<td>Equal Treatment Directive</td>
<td>84</td>
</tr>
<tr>
<td>Eurofound</td>
<td>18, 25, 37</td>
</tr>
<tr>
<td>Europe 2020 strategy</td>
<td>23, 136</td>
</tr>
<tr>
<td>European Commission</td>
<td>48</td>
</tr>
<tr>
<td>European Semester process</td>
<td>149</td>
</tr>
<tr>
<td>European Union</td>
<td>1, 3, 14, 22–3, 40, 136, 149</td>
</tr>
<tr>
<td>European Year of Active Ageing</td>
<td>24, 32</td>
</tr>
<tr>
<td>Eurosclerosis</td>
<td>21, 31</td>
</tr>
<tr>
<td>Fadyl, J.K.</td>
<td>125</td>
</tr>
<tr>
<td>family form change</td>
<td>8–9, 100–23</td>
</tr>
<tr>
<td>defamilialization of the family</td>
<td>8–9, 105–7</td>
</tr>
<tr>
<td>dual-breadwinner model</td>
<td>3, 7, 9–11, 100, 102–6, 110, 112, 119, 141, 144, 148</td>
</tr>
<tr>
<td>joint retirement</td>
<td>4, 9–10, 107–9, 142</td>
</tr>
<tr>
<td>male-breadwinner model</td>
<td>3, 7, 9–10, 100, 102–3, 105, 110, 119</td>
</tr>
<tr>
<td>reconciliation of work and family life</td>
<td>109–18, 142</td>
</tr>
<tr>
<td>Favreault, M.M.</td>
<td>107</td>
</tr>
<tr>
<td>fertility rates</td>
<td>106, 119</td>
</tr>
</tbody>
</table>
financial crisis 62, 77, 79–80, 87, 89, 95
Finnish Institute of Occupational Health 125
Fisher, G.G. 87
flexible work arrangements 84–5
Foster, L. 23, 48
France
employment rates among older workers 1
old-age dependency ratios 1
pension systems 138–9, 150–52
state pension age 151
unemployment benefits 151
‘free’ choice 43–4, 68
gender difference in retirement age
107–8
gender roles 103–5, 144
see also male-breadwinner model
gender wage gap 76, 89, 141, 144
Germany
age discrimination 84, 140
ageing discourses in 29–33, 140
childcare 111–15, 122, 142
competences 129–31
disability pension 55, 67
divorce rates 105
early retirement 53, 61–9, 141
economic growth 81
eldercare 115–18, 142
employment protection 83
employment rates among older workers 1–2, 5, 13–14, 16,
51, 62–4, 73, 79, 96–8, 128,
136–8
fertility rates 106
gender wage gap 89, 141
health 126–9
job tenure 82, 85
joint retirement 107–9
labour market policies 93–6
life expectancy 126, 128
loop mechanisms 138–42
marriage rates 105
mean age of women at childbirth
106
old-age dependency ratios 1, 37
pension systems 45–7, 50–51, 65–6,
141
poverty among pensioners 49, 65
productivity growth rates 88
selection for study 13
self-employment 87
sickness benefits 60–61, 68, 141
single-person households 105
state pension age 50, 53, 64, 72–3,
141
structural change in the economy
85–7
total employment 81–2
unemployment 79–80, 140
unemployment benefits 57–8, 67–8
wages 87–9
welfare benefits 59, 67
women’s employment in 3, 9,
89–90, 100–102, 104, 119,
123, 141
working conditions 91–3
Gould, R. 125
grandmothers 8, 102, 113, 115, 122, 142
Gustafson, P. 107
Hanel, B. 43
hard law 18–19, 143
Hayley, L.J. 48
health 125–9
active ageing 23–4, 41
disability 35
proactive measures 60–61
promotion 59–61
status of spouse 109
work ability levels 35, 126–9
health and safety 91–2
healthy life expectancy 127–8, 144
Henkens, K. 4–5
Henry, W.E. 40–41
Heywood, J.S. 55
home-centred preference 104–5
I-D-I model 16, 18
increasing retirement age
ageing discourses 6–7, 16–38
family form change 8–9, 100–23
labour market change 8, 75–98
welfare state change 7–8, 40–69,
143, 148
work ability levels 5, 9–10, 125–35,
140, 144, 147–8
institutions
childcare 114–15
institutional change 7–8
International Monetary Fund 21
International Social Survey Programme 104
Italy
  eldercare 115
  employment rates among older workers 1
  old-age dependency ratios 1–2
Jensen, P.H. 8
job centres 78, 140, 144, 146
job characteristics 77, 91–3
job tenure 82, 85
Johnson, R.W. 107
joint retirement 4, 9–10, 107–9, 142
Kangas, O. 41
Keynesianism 16–17, 25–6, 28–9
Kjær, P. 18
Korpi, W. 41
labour market change 8, 75–98
  active labour market policies 78, 93–6, 144, 146
  age discrimination 76–7, 83–4, 140, 146
  see also ageism
  employment protection 77, 82–3, 146
  flexible work arrangements 84–5
  hypothetical factors that condition opportunities for older workers 77–8
  macroeconomic factors 78–82
  structural change in the economy 85–7
  wages and working hours 87–91
  working conditions 91–3
labour market policies 78, 93–6, 144, 146
employment services 94–5
spending on 95–6
Laeken Declaration 22
late-exit age arrangements 5–7, 9–11, 18, 34, 36–7, 41, 75, 100, 103, 118, 123, 125, 132, 136, 139, 142, 145, 147–9
leave schemes 112–15
Leinonen, T. 4
Leitner, S. 115
life expectancy 23, 33, 126–7, 147
  healthy life expectancy 127–8, 144
life-long learning 130–31
living standards 40
lone parents 112, 122
loop mechanisms 98, 136–48
  Denmark 138
  Germany 138–42
  United Kingdom 138
lump of labour fallacy 20–21
Lunenfeld, B. 127
macroeconomic factors 78–82
male-breadwinner model 3, 7, 9–10, 100, 102–3, 105, 110, 119
manufacturing sector 85
marriage rates 105, 119
maternity leave 112–13, 142
mean age of women at childbirth 106, 147
means testing 44–5, 47, 49, 57–9, 87, 113, 117, 151
men
dual-breadwinner model 3, 7, 9–11, 100, 102–6, 110, 112, 119, 141, 144, 148
employment profiles 102
gender wage gap 76, 89, 141, 144
male-breadwinner model 3, 7, 9–10, 100, 102–3, 105, 110, 119
Mill, J.S. 12, 139
minimum wages 76, 78
Mopact Project 24
Myles, J.F. 76
neo-liberalism 17, 21
New Deal 50+ Programme 93–5
old-age dependency ratios 1–2, 37
  in Denmark 1–2, 37
  in France 1
  in Germany 1, 37
  in Italy 1–2
  in Spain 1–2
  in United Kingdom 1–2, 37
open labour markets 8, 10, 75–6, 96, 139, 143, 148
Rapidly increasing retirement ages

Organisation for Economic Co-operation and Development 3, 13–14, 18, 21–3, 25, 27, 40–41, 80, 88, 117
Late Career Scoreboard 87
Promoting an Age-Inclusive Workforce 25
Transforming Disability into Ability 54

Palme, J. 41
parental leave 112–15
Parkin, F. 8
part-time work 85, 90–91, 98, 103, 111, 114–15, 119, 123, 147
paternity leave 112
pattern matching 12
Pedersen, O.K. 18
pension systems 8, 41, 44–51, 136
deferral of pension claim 51
in Denmark 44–5, 50–51, 65–6, 143, 145
disability pension 29, 42, 52, 54–6, 59
in France 138–9, 150–52
in Germany 45–7, 50–51, 65–6, 141
poverty among pensioners 49
privatization of 8, 22, 143, 145
raising state pension age 50–51
relationship with behaviour 42–4
state pension age 5, 8, 22, 33–5, 41, 50–51, 106, 126
in United Kingdom 47–8, 50–51, 65–6, 145
Pfau-Effinger, B. 8
phased retirement 84
Plantenga, J. 110, 115
policy organizations 18
population ageing 33–4, 46, 136
poverty among pensioners 49, 65, 145–6
privatization of pension systems 8, 22, 143, 145
productivity growth rates 88
Promoting an Age-Inclusive Workforce (OECD) 25
quality of life 6
Rasmussen, L.L. 28
Remery, C. 110
Riphahn, R.T. 43
Scruggs, L.A. 41
self-employment 87, 144–5
senior policies 78
seniority wages 76, 78, 87–8
Sennett, R. 132
service sector 85
sickness benefits 42, 59–61
in Denmark 60–61, 68, 144
in Germany 60–61, 68, 141
in United Kingdom 60–61, 68, 146
Siebert, W.S. 55
single-person households 105–6, 119
Smith, A. 78
social rights 7–8
soft law 18–19, 143
Sørensen, A.B. 76
Spain
employment rates among older workers 1
old-age dependency ratios 1–2
spouses coordinating retirement see joint retirement
state pension age 5, 8, 22, 33–5, 41, 50–51, 106, 126
in Denmark 50, 71, 143
in France 151
in Germany 50, 53, 64, 72–3, 141
in United Kingdom 50, 64, 74, 146
Staubli, S. 42
Stratton, P. 127
Szinovacz, M.E. 109
Taylor, P. 6, 23
Tengland, P.-A. 125
trade unions 30
transferability 149–51
Transforming Disability into Ability (OECD) 54
‘triple-lock’ reform 48–9, 146–7
truth table 12–13
unemployment 16, 21, 33, 54, 77, 79–80, 98, 140, 143
unemployment benefits 42, 51–2, 56–9
in Denmark 56–8, 67–8, 144
in France 151
in Germany 57–8, 67–8
Index

in United Kingdom 58–9, 65–7, 146
unfair dismissal claims 83
United Kingdom
age discrimination 84, 146
ageing discourses in 33–5
childcare 111–15, 147
competences 129–31
disability pension 55–6, 67, 145
divorce rates 105
early retirement 54–5, 61–2, 64–9, 145
economic growth 81, 145
eldercare 115–18, 122–3, 147
employment protection 83, 146
employment rates among older workers 1–2, 5, 13–14, 16, 51, 62, 64, 74, 79, 96–8, 128, 136–8
fertility rates 106
gender wage gap 89
health 126–9, 147
job tenure 82, 85
joint retirement 107–9
labour market policies 93–6
life expectancy 127–8, 147
loop mechanisms 138, 145–7
marriage rates 105
mean age of women at childbirth 106
old-age dependency ratios 1–2, 37
pension systems 47–8, 50–51, 65–6, 145
poverty among pensioners 49, 65, 146
productivity growth rates 88
selection for study 13
self-employment 87, 145
sickness benefits 60–61, 68, 146
single-person households 105
state pension age 50, 64, 74, 146
structural change in the economy 85–7
total employment 82
unemployment 79–80
unemployment benefits 58–9, 65–7, 146
wages 87–9
welfare benefits 59, 67, 146
women’s employment in 89–90, 100–102, 104, 119, 123, 146
working conditions 92–3
vacancies 79–81
values 125, 136
work orientation 131–3
van Solinge, H. 4–5
wages 87–91
gender wage gap 76, 89, 141, 144
Walker, A. 23
Wealth of Nations (Smith) 78
Weber, M. 8, 75
WeGebAU 93–4
welfare benefits 42, 59
in Denmark 59, 67, 144
in Germany 59, 67
in United Kingdom 59, 67, 146
welfare state change 7–8, 40–69, 143, 148
pension systems 8, 41, 44–51, 136
women
childcare 8, 102, 110–15, 122, 147
dual-breadwinner family model 3, 7, 9–11, 100, 102–6, 110, 112, 119, 141, 144, 148
eldercare 8, 102, 110, 115–18, 122–3, 142, 147
employment rates 3, 8, 43, 50, 89–90, 100–102, 104, 106, 110, 119, 123, 141–2, 144–6
gender wage gap 76, 89, 141, 144
grandmothers 8, 102, 113, 115, 122, 142
home-centred preference 104–5
life expectancy 126–8
mean age at childbirth 106, 147
part-time work 90–91, 98, 103, 111, 114, 119, 123, 147
state pension age 50–51
wages 78, 89
see also gender wage gap
work ability levels 5, 9–10, 125–35, 140, 144, 147–8
competences 129–31
cultural orientations and motivations 131–3
health 126–9
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>work orientation</td>
<td>131–3, 144, 147–8</td>
</tr>
<tr>
<td>work-centred ethic</td>
<td>6–7, 9, 11, 104, 141</td>
</tr>
<tr>
<td>work–family reconciliation</td>
<td>109–18, 142</td>
</tr>
<tr>
<td>childcare</td>
<td>8, 102, 110–15, 122, 147</td>
</tr>
<tr>
<td>eldercare</td>
<td>8, 102, 110, 115–18, 122–3, 142, 147</td>
</tr>
<tr>
<td>working conditions</td>
<td>25, 91–3</td>
</tr>
<tr>
<td>working hours</td>
<td>87–91</td>
</tr>
<tr>
<td>World Bank</td>
<td>3, 13, 18, 21–3, 26, 37, 40, 143</td>
</tr>
<tr>
<td>Averting the Old Age Crisis</td>
<td>21, 44</td>
</tr>
<tr>
<td>World Health Organization</td>
<td>3, 23</td>
</tr>
<tr>
<td>Zweimüller, J.</td>
<td>42</td>
</tr>
</tbody>
</table>