The ‘Rush Hour’ of Life: Insecurities and Strains in Early Life Phases as a Challenge for a Life Course-Oriented, Sustainable Social Policy

by Prof. Dr. Ute Klammer (Edited by Dan Sylvain and Hannah Taylor-Kensell)

Abstract: Empirical data proves that, in Germany, the majority of flexibility risks in the labour market (such as fixed-time contracts, temp work, unemployment etc.) are taken by the young generation and by unskilled workers. If uncertain labour market attachment occurs in the stage of family planning, the resulting insecurity and uncertainty can lead to special challenges where professional and private demands have to be reconciled (the ‘rush hour’ of life). The extent to which precarious employment and other labour market risks in early life phases affect the people concerned in the long run can only be determined by looking at entire biographies, in particular at life and labour courses. This article discusses relevant empirical data and describes possible approaches to tackle strains of specific work groups and life phases, in order to develop a life course oriented, sustainable social policy. This includes the support of continuous employment, but also the ‘straightening out’ of life courses by providing new possibilities to adjust money and (work) time to different life stages with differing financial and time requirements.

From Cross-Sectional to Longitudinal Data

In order to get a wider scope, one should not only look into different income patterns and familial time arrangements at a certain point in time, but how these patterns develop through a respective life course. Certain working time models, such as regular or marginal part-time, must be analysed regarding the long-term effect on the workers employed under such conditions. Are these short episodes of employment temporarily accepted at certain points of time e.g. at point of career entry or during times of increased need? Or, are these work forms permanently obtained – be it ‘voluntarily’ or not? In certain strata of the work force, is there a concentration of problematic working time models, such as part-time employment or part-time work in the long run? Do uncertain labour perspectives lead to delays or even to the renunciation of parenthood and family – and do uncertain labour perspectives, in this respect, have a direct impact on the demographic ‘problem’ of low fertility rates?

A longitudinal perspective enables the viewing of different distribution of time necessities in individual biographies and identifies stages of time pressure, such as the ‘rush hour’ of life. This term coined by European time researchers describes the challenge of middle age when small children have to be cared for and time has to be invested in a professional career simultaneously. At the same time, the analysis of time distribution over the life course allows for an interpersonal comparison – not only do certain time necessities, for example for care tasks, occur for different people at different stages in their lives, they also may cumulate to large ‘time masses’, while, in other biographies (of both sexes), they hardly occur at all. These results put forward different demands to social politics to influence the intertemporal and interpersonal distribution of time and money. Some European countries, as well as the European Union, have recently shown an increased interest in these and similar questions. In the European Union, the life course perspective has gained importance due to the discussion about ‘life-long learning’ and the generally increased interest in education in the context of a ‘social policy of investing’. At the same time, the aims of the European Employment Strategy of raising income rates for women and elderly people, as well as profoundly raising the actual retirement age, poses questions for the course of employment records and the options to influence economic and social politics. Consequently, the European Directives for National Employment Policies have been demanding for several years that a comprehensive national strategy be developed based on the life course approach. This was explicitly confirmed in 2005 by the new employment guideline Nr. 18, Promote a life-cycle approach to work. Thus, this article connects the questions of (different and changing) life courses of men and women to the debate about a readjustment of social politics in view of demographic change. The first section will provide some empirical data on the structure and change of life courses of men and women both in Germany and on the international scale. The following chapter discusses approaches for a sustainable, life course-oriented social policy.

In the game of life it’s a good idea to have a few early losses, which relieves you of the pressure of trying to maintain an undefeated season. / Lee Trevino /
Changing income records of men and women – some highlights

Abundant empirical data analyses from my own projects and others prove that labour market risks are unbalanced in Germany and that discontinuities in professional life are extensive. Despite a similar entry into professional life of young men and women, the labour participation and weekly work hours of women significantly decrease when children are born. Using cross-sectional data to analyse different life and family stages one finds that young partnered women without children today work on average 38 hours per week, whereas the average drops to 16 hours among partnered women with small children (below the age of 7) in the household (see the lines in figure 1 below). This average reduction (referring to all members of the household type) results from both a reduction shift from full-time to part-time work as a drop in labour market participation rates (see columns in figure 1 below). The ‘rush hour of life’ is thus alleviated by women through lower labour market participation. But even after school enrolment, the weekly work hours of mothers are considerably lower than those of fathers. Actually German mothers on average do not reach the same level of labour participation and average weekly work hours of their male partners in any later life phase.

As the figures of Sweden (see above) illustrate, there are differences between the employment courses of men and women in every country, especially when it comes to the ‘rush hour’ of life, when small children have to be attended to. Nevertheless, the welfare states differ significantly in terms of the level and the continuity of labour market participation and the average work hours of men and women in different life stages – during as well as after the ‘rush hour’ of life. This suggests that there are different possibilities and strategies to deal with the special challenges of different life phases. Sweden differs significantly from other West European countries. The labour market participation of Swedish women decreases only minimally after childbirth or when small children have to be attended to; on average they only cut down by about four hours (from 26 to 22 hours). Later on, their labour participation rises almost to the level of male labour participation, far more than in other countries. This suggests that, apart from different role models, institutional factors such as legal and company work time arrangements and leave options for certain life stages are of importance in the Swedish welfare state. Together with the general accessibility of public childcare, these options lead to fewer ‘compatibility problems’ in the first stages of family life than in other countries. As demonstrated here, these ‘problems’ do not have to be resolved by the mothers’ withdrawal from the labour market.

In Germany, desire and reality differ significantly when it comes to working hours – this goes for both sexes, but especially so for women. Men’s desired work hours are at the norm of a full time job, whereas their real working hours are often at times higher because of extra hours. Many women who work long hours would like to work less, but women with short part-time jobs wish for longer working hours (with the accompanying income). West German women regard a ‘long part-time job’, i.e. 27 hours per week, as the ideal and East German women prefer a ‘short full-time job’, i.e. 34 hours per week.

The changes in the labour market entry phase in Germany in an intergenerational comparison

Regarding the life course in Germany, one can see that, among younger cohorts, about 80 percent of all women will have phases of part-time work of at least one year in their lives. This is compared to only a small number of men. Fewer women pause their careers because of childcare and this is a continuing trend. However, of the women born from 1951 to 1955, about two thirds withdrew from employment for at least one year because of childcare. On the other hand, a significant number of men – depending on the birth year (1936-1955) about 16 to 20 percent – had one or more periods of self-employment, which is often accompanied by social insurance gaps.

But women are no longer at a general disadvantage just because of their sex. The majority of flexibility risks (e.g. fixed-time contracts, temp work, unemployment etc.) are taken by the young generation, the newwomen on the labour market, as well as unskilled people – irrespective of their sex.

Therefore, the youngest cohorts on the labour market are seven times more likely to have a temporary position than the oldest cohorts. All cohorts born after 1945 had to face an increased risk of unemployment in the early years. Among the cohorts of 1961-1965, already 53 percent of all men and women had experienced unemployment at least once before the age of 30 (see figure 3). This is dangerous as a prolonged labour market entry phase (when compared to earlier times) with (financial) uncertainties often cuts into the potential phase of family planning. One has every right to assume that this has a significant influence on young people’s decision of whether or not to have children.

Although the average job tenure is surprisingly stable in Germany, no less than 15 percent of all employees have already had five employers or more – and often they were unemployed in...
between. Among temporary employees, the ratio is 22 percent, which means that temp workers have a higher risk when changing from one temporary position to the next.

Even if two thirds of all job changes are voluntary and the majority of all job changers claim to have improved themselves, one notices an increasing number of involuntary job changes (e.g. employer-initiated) from cohort to cohort, and ever fewer job changes actually lead to professional improvement.15

Concerning the accumulation of labour years during the life course (based on data of the AVID), one finds a significant decline for men and a moderate increase for women. Of the men born from 1936 to 1940, 42 percent had a ‘complete’ (in terms of old-age pension claims) labour record, whereas in the cohorts of 1951-1955, the percentage will only be about 30 percent. The female ratio increases from about eight to around 13 percent. Today’s 50 year old females will still have around seven (in West Germany nine) years less on their work records than their male contemporaries. This shows that there are still gender-related labour and income gaps, which continue to affect retirement income.

Looking at the labour courses of the cohorts from 1936 to 1955, an increasing ‘compression’ of life income becomes apparent – mostly on the male side. The long-term trends of late career entry and early retirement have led to a concentration of labour income in the middle phase of life. That is problematic, because this period of time is the ‘rush hour’ of life, when family duties and the general pressures of life are gathering to a peak. Furthermore, because of the concentration of life income at this stage, discontinuities – for example unemployment – become dangerous as they have an even greater impact.

Econometric data on the effects of labour interruption shows significant deficits in long-term income capacity and human capital. These are often underestimated by the people concerned.17 When discontinuities occur in early life phases, the loss of human capital is normally lower and the damage is limited. The assessed postponing of motherhood to a later stage, discontinuities – for example unemployment – for women can also be accompanied by unemployment, or by illness, invalidity or partial retirement. Bearing in mind this shortening and compression of professional life as an increasing trend, a future key task is to work towards once again ‘straightening out’ professional life. Shortened school and study phases might be one way, but there also has to be a sustainable employment policy. Such a policy is a prerequisite for later retirement, as targeted in the European Union’s Lisbon strategy. Introducing real old-age part-time models would improve the flexibility of retirement transition as these would lead to an actual reduction of working hours in the latest labour phase18. It is not the author’s intention to promote a higher amount of working hours during the life course by opting for earlier work entries and later exits. The priority of ‘straightening out’ the labour record is to better distribute the income risks over the life course and to alleviate the ‘rush hour(s)’ of life by giving way to other time necessities during the life course, e.g. care tasks and further education.

Policy response II: Financing-individual options for distributing the life income and for readjusting the collective support systems

In many European countries a concentration of social policy on the activation and reintegration of all people fit for employment into the labour market primarily depends on the general situation of the economy (the ratio between labour demand and labour supply), and only in addition to a favourable relationship between staff in the job placement and labour agencies and those seeking employment as well as to the existence of local and target group-oriented programs.17 In Germany, each and everyone of the aforementioned points shows deficits – despite the improved aims of the Hartz laws. German research studies on the approach of the transitional labour markets have already identified numerous elements and structures which could function as support for the change of status.19 The transitional labour market approach has to be developed further in order to create criteria for ‘good’ and ‘bad’ transitions and the accompanying supporting measures – by taking into account specific needs of specific life stages.

What should be viewed as especially demanding tasks are the beginning and the end of professional life, which have more and more developed into entire phases of work life.19 As mentioned above, the entry phase into professional life often lasts for several years and is characterised by unstable jobs and short intervals of unemployment; the exit phase can also be accompanied by unemployment, or by illnesses, invalidity or partial retirement. Bearing in mind this shortening and compression of professional life as an increasing trend, a future key task is to work towards once again ‘straightening out’ professional life. Shortened school and study phases might be one way, but there also has to be a sustainable employment policy. Such a policy is a prerequisite for later retirement, as targeted in the European Union’s Lisbon strategy. Introducing real old-age part-time models would improve the flexibility of retirement transition as these would lead to an actual reduction of working hours in the latest labour phase18. It is not the author’s intention to promote a higher amount of working hours during the life course by opting for earlier work entries and later exits. The priority of ‘straightening out’ the labour record is to better distribute the income risks over the life course and to alleviate the ‘rush hour(s)’ of life by giving way to other time necessities during the life course, e.g. care tasks and further education.

An active welfare state must provide a floor below which no one should be allowed to fall, but its primary role must be to enable people to provide for themselves.

/ John Hutton /
legislation which enables employees to save up part of their salary (up to 12 percent of the gross monthly salary and overtime up to a total of 210 percent of their gross monthly salary) and also time, e.g. extra hours, privileged by taxes, in order to use this credit later on, for example to finance sabbaticals, a family break, further education phases, old-age part-time or even an early retirement.\(^{22}\) In order to use this credit in earlier life phases – in the ‘rush hour’ of life – when only small savings have been acquired, it is possible to take out a loan on the estimated future income (for example company pension claims).

Without doubt, such approaches could improve the individual’s possibilities to manage their specific time needs according to personal necessities. However this should be viewed critically, as younger cohorts – contrary to today’s pensioners – will anyway have problems in gaining a poverty-defying income and in building up decent pension claims. A premature consumption of potential income and pension claims could therefore increase the pressure on the further professional life and also pose a risk of poverty in old-age. Also problematic is the fact that these models promote the further privatization of social risks – such as childcare and care for frail elderly family members. If we argue that everybody can compensate for ‘life risks’ by re-arranging their personal life income – when only small savings have been accumulated in a specific point in time – and in the context of a specific institutional framework. However, the disadvantage is that this does not show ‘real’ life courses with potential cohort effects having to be taken into account (which means that men and women who have small children nowadays may possibly show different income patterns later on than those who are in a later life phase today).

\(^{23}\) Anxo et al. 2006; Klummer et al. 2005.


9. Percentage of employees who have experienced unemployment at least once before the age of 30 as related to all employees under 30, sorted by cohorts.

10. Additional sample I of the IAB employee sample, project calculations for Klummer / Tillmann 2002.


20. The existing old-age part-time work model– contrary to its original purpose – is mostly used as a block model for early retirement.


22. SZW 2006.


26. Consistently, this has been included in the social security law of the new SGB XII.


References


Introduction

In the last four decades women and men in industrialised countries have been delaying parenthood towards ever later ages. This persistent trend, termed 'postponement transition' has become characteristic for a wide range of countries with diverse cultural and economic conditions. Other milestones traditionally linked with adulthood, such as finishing education, leaving the parental home, and forming a couple, have also been postponed towards later ages. However, the postponement of births receives particular attention due to the concerns about the associated health risks and because the awareness of the possible future deterioration of one's health or partnership situation has become increasingly difficult for men and women, much of the empirical evidence discusses different aspects of the shift towards later parenthood, which has affected all industrialised countries. It outlines trends in delayed childbearing and points out the increase in childlessness and growing educational disparities in first birth timing, especially among women. It reviews consequences of delayed childbearing for individuals, couples, their children and society and discusses the limited role of assisted reproduction in offsetting the age-related rise in infertility. The individual social and economic advantages of late parenthood may outweigh the biological advantage of early parenthood. In conclusion, I outline possible policy actions that may support childbearing decisions at both younger and older reproductive ages. Such policies should recognise wide heterogeneity in needs and lifestyle preferences of individuals and should not explicitly aim to encourage early parenthood.

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