

## **Vulnerable Workers in Times of Social Transformations**

Discrimination and Participation of Young and Older Workers,  
and Social Dialogue Stances

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## **Emerging Intergenerational Dynamics between Cooperation and Competition**

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**Abstract** Stemming from the understanding that heterogeneity and dynamism are both inherent in our current societies, as reflected within the internal diversity of workers' age groups, this chapter argues for the significance of the rich intersectional diversity of the workers that compose the constructed collectives such as those of younger or older workers. To this aim it proposes an exploration of workers interaction beyond constructed age group to unravel the richness –and potential, of intergenerational dynamics. The chapter reveals how current debates on intergenerational synergies are masking the increase in social inequalities on the basis of socioeconomic status within each generation. It exposes how policies aimed at balancing contributions and benefits in line with life expectancy incite the risk of increasing inequalities among future retirees. This, in turn, questions the extent to which social dialogue anticipates the impact of policy changes on the traditional age management practices and intergenerational labour market imbalances. Based on qualitative empirical results the chapter exposes the damage that the construction of collective workers as a group outside the ideal type worker infers. This is recognised by the lack of awareness and the absence innovative approaches to age diversity management in collective bargaining, which contrasts with shared expectations of increased future competition between age groups for scarce employment opportunities.

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The ideal-typical employee is a high-performer between 28 and 40 years old... And this is the reference which all other workers are measured against (AT-OW4)

### **1 Introduction: Main Questions Raised**

Ageing and longevity raise profound questions about the distribution of work and welfare over the life-course and across generations. The emergence of the issue of intergenerational dynamics, however, both in terms

of solidarity and competition in the context of ageing societies, has been framed by the debate on the sustainability of pension systems in the context of the current economic recession. Public discourses on the social and economic implications of population ageing tend to be narrowly focused on the distributive issues related to sustainability of public pension systems and the need to balance the cost allocation between generations. As public pension systems are the main institution regulating transfers between retired and working generations across Europe, their reform becomes one of the key challenges for social policies in the context of demographic change. The core issue is the worsening of the 'dependency ratio', as fewer working adults will be supporting an increasing share of elderly people who will also be spending longer time in retirement. This is why public pension systems are no longer affordable and it seems unfair to expect the current contributing generation to be burdened with the costs of financing the pensions of the retired. Hence, there is a further trend to re-write the 'intergenerational contract' in the search of a better equity between generations (Attias-Donfut, Arber 2000).

Besides demography, there is another factor which has been raising the retirement costs in the last decades, namely the falling age of retirement across European countries. This raises the paradox of increased life expectancy and the shortening of working years. Though this mainly applies to men's pattern of labour participation, this trend has been partially reversed since the late nineties for some countries, yet important differences persist by gender and socioeconomic status (Anxo et al. 2012; Hoffacker et al. 2006). A significant share of the decline in labour participation rates of older workers has been induced by social dialogue institutions and collective bargaining practices. Both employers and trade unions benefited from early retirement schemes as a means of easing workforce adjustments in declining sectors and supporting generational turnover in restructuring companies. In countries with traditionally high youth unemployment rates, such as Italy and Spain, in the last three decades collective bargaining has been focused on providing different ways of easing the exit of older workers, through a redistribution of employment policy between generations.

Most European governments have become aware of the social costs of these bargaining strategies in the context of the current crisis. In the last years, the questioning of the ability of social protection systems to cope with the issues of population ageing has been exacerbated by the ongoing recession of most European economies. In February 2012, the European Commission launched the White Paper on Adequate, Safe and Sustainable Pensions, setting the principles of pension reform across Europe. These are basically aimed at supporting the extension of working life of older workers as a means of balancing the dependency ratio between working and retired generations. This fitted with broader attempts to deal with intergenerational issues in terms of cooperation and solidarity in a more inclusive

way from the start of the European year dedicated to Active Ageing and Solidarity between Generations. There is a clear view that changes in the age structure of the European working population will have a significant impact on the dynamic between the generations in the workplace. Intergenerational solidarity and cooperation in the workplace will need to be rethought and sustained by appropriate employment policies, in order to be based on mutual support counting on the transfer of skills and experience.

This chapter argues that current discourses and policies on behalf of intergenerational solidarity are ignoring other crucial redistributive issues and specifically, the increasing inequalities within each generation in the course of the last decades. The current problematisation of population ageing often assumes demographic shifts as the main driver for policy change and tends to represent the intergenerational relationships in terms of competition between future retirees and working-age population. It gives the rather stereotyped impression that there are distinctive and identifiable winners and losers in this new social settlement. However, discussions on intergenerational equity must acknowledge the fact that existing inequalities within generations or cohorts overflow differences between generations with respect to the distribution of 'winners' and 'losers' that can result from population ageing (Myles 2001; Walker 2009). It will be argued that the set of measures aimed at fostering working life extension of older workers may generate increasing intragenerational inequalities in the access to adequate retirement pensions. This is especially true for those groups of workers most affected by unemployment and employment insecurity at their later stages of their working lives who may find it increasingly difficult to meet eligibility criteria for pension benefits. An increased statutory retirement age may be necessary but not a sufficient condition to improve the employment rates of older workers, even more in a context of deep economic recession.

Furthermore, this chapter reviews and analyses the European Institutions' understandings of active ageing and intergenerational solidarity as a policy framework for national social dialogue institutions. The main questions addressed in this regard are, firstly, to what extent social partners perceive that these policy targets are compatible and how they incorporate them into their bargaining strategies. Secondly, we assess how both groups of young and older workers and their representatives perceive intergenerational dynamics in the workplaces. This is particularly in relation to how these actors anticipate the impact of policy changes on the intergenerational imbalances in the labour market. We focus on the main measures with greatest impact on the vulnerability risks of both young and older age groups of workers.

In shrinking labour markets such as we are currently experiencing, policies on behalf of one particular age group need to be considered against the opportunities for the rest of the groups of workers. In this regard, it

will be argued that current attempts aimed at extending the working life of older workers and the concurrent increase in unemployment rates among younger generations risk further entrenching historical generational imbalances in the labour market. The analysis of early retirement as a policy instrument set in accordance with the employment redistribution between young and older generations does not support the hypothesis of a trade-off between the employment levels of older workers and the unemployment of the youth (Anon. 2013; Kalwij et al. 2009). On the contrary, it is the core-age group of workers who have best stood against growing employment difficulties whereas new risks have emerged at the beginning and the end of working lives. But the assessment of the intergenerational equity resulting from the new pattern of allocation of increasing retirement costs advanced by pension reforms is far more complex than often assumed in public discourses of winners and losers (Guillemard 1999). The raising of the statutory retirement age along with the extension of the reference period of contributions to calculate pension benefits will generate more uncertain retirement prospects for middle-aged workers. Furthermore, the traditional employment security awarded to senior workers in more stable positions has been undermined by changes in employment protection institutions. Trade unions are becoming increasingly concerned with the risk of substitution of senior workers for new (younger) entries with degraded employment conditions in certain sectors and occupations, at the same time as they have been drawing attention to the gaps in social protection and the lack of job opportunities for many older workers not in employment, but still not eligible for access to an adequate retirement pension.

The chapter concludes by stressing the need for social partners to adopt more comprehensive strategies to the management of age-diversity and intergenerational dynamics in the labour market. Firstly, by adopting a life-course approach which accounts for the new risks affecting age-specific transitions in the labour market and the increasing diversification of working trajectories in the context of current restructuring processes. The assessment of these emerging risks also call for a re-examination of the ways in which distinct employment protection systems provide adequate coverage. From a policy perspective, the focus is placed in 'making transitions pay' through institutional arrangements supporting the employability of workers through risky transitions over the life-course (Grazier 2007).

## **2 Active Ageing as a Frame for National Policy**

The view of EU Institutions tends to be that the policy focus of the intergenerational approach in the labour market should be on ensuring equal access and opportunities for workers of all ages throughout the lifecycle. European reform guidelines claim for the design and implementation of

measures to prevent the early exit of older workers together with measures targeting the entry into the labour market of the youth. This challenge for pension reform assumes that both goals can be reached simultaneously, that is, that there is no trade-off between the aim of raising the employment of older workers and containing youth unemployment (Anon. 2013; Kalwij et al. 2009). However, the extent to which social partners understand that these two policy targets are compatible may vary across countries and also across different levels of collective bargaining.

Social partners may hold different perceptions on intergenerational dynamics and how to balance the competition between different generations in the labour market, especially in the context of shrinking labour markets such as those we are currently experiencing. Specifically, many trade unions understand that there is a conflict between the delaying of retirement and the employment chances of young people in the context of high unemployment rates. Not only does social partners' involvement in the design and implementation of active ageing policies vary across countries, but they may also be pursuing ambivalent or conflicting strategies through different levels of bargaining (EC 2006). Even in those cases where national unions agreed, though reluctantly, with the increase of the statutory retirement age, they may still be opting for early retirement schemes in company restructuring processes at lower levels of bargaining. As discussed in the next section, these differences may account for the lack of strategies to address the impact of policy changes which are currently implemented on behalf of active ageing and the prevalence of the traditional age management practices in the governance of economic restructuring (Radl 2012).

Policy interventions on behalf of active ageing and intergenerational solidarity in the six countries considered may be summarised in a set of different measures aimed at providing financial incentives for working life extension of older workers through pension reform and the 'activation' of unemployment protection systems. Among the measures related to the sustainability of pension reform, the most prominent with regard to active ageing has been the raising of the legal retirement age according to gains in life expectancy. This has come along with the extension of the reference period of contributions to calculate pension benefits.

Looking at the countries included in the study, in the UK the default retirement age was removed in 2011. For many years this was 65 for men and 60 for women. In addition, the state pension age is to be gradually increased from 61 to 68 between the years 2020 and 2046. New legislation also equalises the pensionable age for men and women by year 2018. In the case of Spain, the government reformed the pension system in 2011 following an agreement with social partners. The main elements of the reform that will be gradually in place by 2027 is, first, the increase of the statutory retirement age from 65 to 67 years, while a period of 37 years is

required to be entitled to receive full pension (previously 35). Second, the estimation of the pension amount will be based on the 25 years previous to retirement, instead of the previous 15 years. Furthermore, following the implementation of the 2012 labour market reform, the Spanish government set the prohibition on the introduction of compulsory retirement age clauses in collective bargaining. The use of this type of clauses together with other incentives to retirement as a means for employment restructuring was increasing in the last years because of the recession. In 2011, 45% of workers covered by collective bargaining were under agreements containing such types of clauses.

Also in Austria, Italy and Belgium pension reforms foresee the progressive equalisation of men and women's pensionable age, together with the extension of the minimum period required to get access. In Italy, the Pension Law Reform, in force since 2012, increased women's retirement age from 60 to 62 and it will be further increased to 66 by 2018, in order to be equal to that of men. In addition, the contributory period required to get access to contributory pension has been extended to 42 years. Meanwhile, in Poland, the reference period for the calculation of the pension benefits is the whole working life.

Another line of pension reform pursuing the increase of the effective retirement age has consisted in restricting access to early and partial retirement schemes through tightening criteria and, in some cases, their virtual elimination. Since the 2005 Generation Pact, in Belgium the emphasis has been placed on limiting the access to early retirement by increasing the minimum eligible age together with the extension of contributory periods required to retire before the statutory pensionable age. In the 2011 reform, continuing with this trend, the age threshold was increased from 58 to 60 years, and the number of years required goes from 38 to 40 for men and from 35 to 40 for women. The new regulation also has limited the access to early retirement in collective redundancies to older workers with a greater number of contribution years. The cost of early retirement for employers will also be increased depending on the age at which early retirement is taken. In addition part-time early retirement no longer exists from 2012. Those collective agreements already in force will be progressively adapted to the new regulation between 2012 and 2024.

In Spain, following the pension reform of 2011, the minimum legal age of access to early retirement will be progressively increased from 63 to 65 years by 2027. The reform also establishes an increase of the minimum contributory period (to 35 years) and the application of increased reduction coefficient in the amount of the pension benefits. Partial retirement was also reformed with the aim to prevent it from becoming a privileged access to retirement which mostly benefits senior workers in the largest companies. Almost all workers taking partial retirement do so at the age of 60 and with a high level of contributions, so the amount of their benefit tends to be

higher than that for retired persons over the statutory age of 65.<sup>1</sup> Partial retirement is also linked to the possibility of hiring a replacement worker with a relief contract, but on the basis of new regulation with tighter criteria regarding the age and the contribution required for candidates and tighter conditions on the new contracts of new employees.

Similarly, Austria reformed the most popular form of early retirement scheme known as 'Hacklerregelung' to become a part-time work model for older workers. This mainly applies to senior workers with very long contribution careers, meaning that the minimum age to get access to this type of pension benefit is being increased with two years, from 60 to 62 years in the case of men, and from 55 to 57 for women. It also abolished the obligation to hire a new worker to compensate for the early exit of an older one and lowered the eligibility threshold from 80% to 60% of regular working time.

### 2.1 Expected Effects of Pension Reform Processes

Although effective implementation of most of the changes concerning the pension reform process is extended over long periods of time in order to preserve the acquired pension rights of senior workers, the foreseen impact of recent pension reforms will translate into increasing inequalities in the access to adequate retirement pensions among older workers. Firstly, the extension of contribution periods will affect individuals' retirement pensions quite differently on the basis of the distribution of risks concerning career progression and employment disruptions along the life-course between genders and distinct socio-economic groups (Anxo et al. 2012). Although most of the pension reforms have introduced some compensating mechanism in the calculation of pension benefits to offset the impact of career interruptions linked to parenting and childcare periods, these may be insufficient where women are not continuous employees and the childcare credits are limited. On the other hand, one may recognise the concern with intra-generational justice in these reforms, since the previous system based on the latest working years clearly favoured people with later integration into the labour market and mainly those qualified workers with upward age-earning profiles. However, the current extension of employment precariousness and unemployment at the later stages of many workers' careers and the stronger link between pension entitlements and contribution history will result in reduced future pension benefits.

In those countries where the unemployment rates of older workers has increased the most because of the current crisis, such as Italy and espe-

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1 Around 35% higher than the average pension according to official estimates.

cially in Spain, trade unions are becoming increasingly concerned with the employment prospects and the 'gaps' in social protection of older workers not in employment but still not eligible for access to an adequate retirement pension. Older workers in these countries with historically highly segmented labour markets are becoming more vulnerable in the context of the current economic recession in two ways. First, because the employment protection of those workers with open-ended contracts and higher seniority has been reduced with regard to those with other types of contracts. Thus, there is a risk of substitution of senior workers with new entries and lower employment conditions in certain sectors and occupations. Secondly, because of the removal of most of the social protection schemes which were previously in place to ease the transitions to inactivity for this age group of workers, such as unemployment subsidies and early retirement schemes which in previous recession episodes acted as a buffer of the social impact of unemployment in this age group.

In Italy, these concerns are personified by the workers known as '*esodati*'. This term refers to the thousands of older workers who have lost or left their employment as a consequence of corporate restructuring plans, collective or individual agreements and who are not yet entitled to a pension, due to the increase in retirement age and to the tightening of early retirement requirements provided by the 2012 Law on Pension Reform. Early retirement was encouraged for older workers after collective redundancies procedures. These were allowed to take advantage of 'social shock absorber' until they became eligible for retirement through the accession to long term unemployment benefits ('*mobilità lunga*'). Since the nineties, as a consequence of the reforms regarding retirement eligibility criteria, many unemployed older workers from restructuring companies are exposed to vulnerability due to the lack of both social protection and job opportunities. In Spain, many union representatives in large companies show increased concern about the prospect that companies may choose not to proceed with these less traumatic procedures for workforce restructuring in exchange of a greater use of collective or individual or collective redundancies procedures. As two trade unionists put it:

The staff has realised that those *good deal* pre-retirements have come to an end. (SP-OW1)

The problem of vulnerability is still very focused in young people and its consequences but I think we should pay the same attention to the group of [unemployed] older workers, because there is a feeling that most of them are under pre-retirement schemes, but this only applies to those from big companies, and not for the rest, which are the majority, and there is a growing share of older workers in unemployment with no coverage from the social protection system. (SP-TUR5)



The high prevalence of long-term unemployment together with the household circumstances of this age group accounts for the fact that, in the year 2012, around two thirds of unemployed people over 55 years in Spain have become beneficiaries of unemployment subsidies (means-tested). However, the social protection for the long-term unemployed older workers has been considerably reduced under the current policies of fiscal austerity in different ways. Firstly, the access to unemployment subsidies for 'older' workers has been limited by delaying the minimum age required for eligibility from 52 to 55 years and by means of considering all the household members' incomes (not just those of the recipient) in the means test assessment. Furthermore, since July 2012 the amount of these subsidies has been drastically reduced for those beneficiaries who cease a part-time job, as new benefits are reduced proportionally to the working-time of their last contract. Such measure is said to be acting as a negative incentive for beneficiaries to take part-time job offers with subsequent lower unemployment protection rights.

The reduction in the coverage of the unemployment subsidies is expected to produce future cuts in the pension benefits of the workers concerned. This is because unemployment subsidies help older workers not in employment to complete their contribution careers until they reach the statutory age of retirement. Paradoxically, since May of 2013, Spanish beneficiaries of unemployment subsidies are forced to accept early-retirement once they reach the age of 61. Unions argue that the impact of these measures will contribute to a 20% reduction in the future pension benefits of those beneficiaries of unemployment subsidies and this is clearly perceived by some of the interviewees.

What do we think about all these measures? After contributing for 40 years we'll be getting the minimum retirement pension! Therefore, it is in the interest of whatever government in power that we continue to be paid these unemployment subsidies until we reach the retirement age, because they would save a lot of money on pensions from us! (SP-OW4)

The foreseen impact of the pension reform process is the deepening of the trend towards the de-standardisation and the individualisation of the trajectories of older workers at the end of their working lives (Guille-mard 2005). The search for increased 'contributivity' of pension systems will translate into future pension entitlements the current inequalities in the patterns of labour market participation by gender and socio-economic status. On the other hand, the removal of compulsory retirement ages and the tightening criteria to get access to alternative exit routes through social protection systems (unemployment subsidies, disability pensions and early retirement schemes) will affect the traditional age management practices of both employers and trade unions (Anxo et al. 2012). First,

changing economic incentives to retire have not been accompanied by more comprehensive strategies supporting older workers to remain in employment. There is an obvious risk that large groups of workers will find themselves in increasing strain to match the performance requirements that enable them to compete with younger generations of workers. As one experienced trade unionist put it:

The [senior] staff is seeing this coming: I won't be able to take early retirement, not even through partial retirement or other ways we used to. Then I will have to bear an increased workload and worse employment conditions [...] The company will place a younger worker by my side being paid half [...] Because you could perhaps keep your working conditions but new entries won't... and this is going to generate a very bad working environment. (SP-OW2)

This puts forward the need for adequate active labour market policies sustaining older workers' capacities through the provision of adequate training and changes in the conditions and the organisation of work in order to prevent incapacity and health problems of senior workers at the later stages of their working life. On the employers' side, however, since they are losing the capacity to influence the exit options of their employees, their hiring and retention policies for older workers will be driven by expectations (and prejudices) of how productive they will be. In this regard, most of European employers are expecting a larger gap between wages and productivity associated with an ageing workforce (Conen et al. 2012). This in turn is preventing the adoption of organisational policies addressing the wage-productivity gap and the working life extension of older workers. As two employers' representatives from Belgium and the UK respectively stated.

There was such a widespread culture of early pensions in Belgium that employers do not see the value of keeping them at work. (BE-ER1)

In general employers in the UK are living in a world where they are rather quite fearful of people working longer or as long as they can, and they're worried default retirement age having an adverse effect on productivity. (UK-ER2)

### 3 Unions' Perceptions of Intergenerational Dynamics and Anticipation to Policy Changes

Trade unions tend to perceive intergenerational dynamics in the labour market as a 'zero-sum' game where the employment of one person means the unemployment of another. Unions' involvement in the aforementioned pension reform processes has been limited, at best, to consultation procedures and they tend to argue against raising the retirement age with the negative effects this would have on youth employment:

Because when I work longer, this means a job is longer occupied and young people get no opportunities. (ATTUR1)

From this approach, promoting Active Ageing does not necessarily require raising the statutory retirement age, but implementing more comprehensive strategies that will encourage employers and enable older workers to remain in the labour market until they reach the standard retirement age. However, this means to reverse the widespread 'early exit culture' to which social partners themselves have contributed since the 1970s. Social partners at company and sector levels also have benefited from early retirement provisions as a means of overcoming industrial restructuring over previous decades and balancing the competition between age-groups of workers with quite different levels of educational attainment and productivity imbalances. Although these strategies did not prove effective to reduce youth unemployment, the pervasiveness of these age norms or 'age culture' is still framing social partners' bargaining strategies and explains the lack of development of more comprehensive approaches to age diversity management in social dialogue (Guillemard 2013; Radl 2012).

Altering such patterns takes more than just reducing the financial incentives for early retirement. It also requires creating positive incentives for employers and workers to extend employment beyond the expected retirement age. Pension reform processes are usually narrowly focused on early exit and its institutional determinants. Addressing the issue of active ageing, however, calls for an integrated preventive strategy for maintaining the working capacity of employees in a life-course perspective. This is because most of the factors explaining the differences in the ability of senior workers to remain in employment are to be found in the lack of reskilling and low mobility throughout their working lives. In the absence of such policies, employers tend to anticipate increasing contributions and the costs of adapting work organization to an ageing workforce. This in turn is raising unions' concerns about the substitution risks of older workers for younger ones in a general downward spiral on working conditions.

### 3.1 The Prevalence of Established Patterns: Path-Dependent and Defensive Priorities in Bargaining Strategies

The meaning of intergenerational solidarity for social partners has evolved according to changes in the priorities of employment policies. In the course of the last forty years social dialogue in most European countries has promoted early retirement schemes as an employment redistribution policy between generations. In Southern European countries such as Italy and Spain – those with the highest youth unemployment rates – the main priority of employment policy has been youth unemployment, while at the same time different paths to early retirement were put in place as a way of facilitating employment restructuring and easing the expulsion of older workers towards inactivity. Thus, social policies with regard to unemployed older workers have traditionally been aimed at compensating for the loss of income through unemployment subsidies and other social benefits until they reach the statutory age of retirement. This is instead of setting strategies oriented towards keeping them in employment or to their reintegration into the labour market.

Although the possibility of retiring early has been restrained, early retirement still remains on the bargaining agenda and is the preferred option of many workers' and employers' representatives. Many national trade unions are still in favour of shortening working ages, especially in the current context of high youth unemployment rates. Current bargaining practices and experiences show the prevalence of the age management institutions deployed by social dialogue in the course of the last four decades. In most of the cases, social partners still opt for early retirement schemes as the main instrument of easing workforce adjustment and for the replacement of older workers with obsolete skills and higher wages.

One day, the employer told us that 600 people would have to be fired. The solution was to make workers redundant or to offer early retirement to older workers. Early retirement, which is so criticised today – even by employers – was being used by them 20 years ago! As a result, 600 people between 50 and 65 who would not have adapted to new technologies left the company under very good conditions. They were allowed to keep around 85% of their salary. (BE-OW2)

One of the main measures with regard to intergenerational solidarity in collective bargaining is provided by the use of employment clauses referred to partial retirement, which is the case in Spain. These allow to keep older workers in employment while enabling new (younger) workers to become employed as substitutes for those older workers on part-time basis by means of 'hand-over contracts'. This formula is claimed by a union representative as an appropriate measure of 'active labour market policy'

(SP-TUR1) in cases of restructuring, because it contributes to preventing the extinction of the job post that often entailed the dismissal of an older worker. However, recent reform on partial retirement has tightened the eligibility requirements for access to what is assumed to be a privileged path into retirement which does not contribute to the transfer of knowledge between different age groups in the workplace.

A relevant example of the prevalence of these institutions regulating the intergenerational flows in the labour market is provided by the so-called ‘intergenerational relay’, a project promoted by the Italian Ministry of Labour in 2012. The project is aimed at hiring young people in replacement of older workers that have agreed to work on part-time basis until they reach the statutory age of retirement. In exchange, the government ensures the payment of some of the contributions for the older worker, who would otherwise retire on a lower pension.

Many trade unionists acknowledge the fact that intergenerational dynamics in the current state of the labour market run the risk of a deadlock owing to the difficulty of supporting senior workers into retirement, and at the same time of boosting the employment of young workers. This raises unions’ concerns about the risks of young workers substituting older workers in a general downward spiral of wages and working conditions. These concerns were clearly summarised by one Spanish trade unionist as follows:

Here, there is going to be a change where the son will take the father’s place for half the price. This is where the labour market is going (SP-YW8)

Current attempts aimed at increasing the effective retirement age and the concurrent increase in unemployment levels among the younger generations risk affecting the historical intergenerational imbalances in the labour market. Many European societies may be witnessing increased competition between two generations of workers who find themselves competing for scarce employment opportunities but, in contrast to previous episodes of economic downturn, the older generation is not in retreat. This is different from when the current generation of older workers took over from their predecessors, who accounted for longer careers of contributions – of those that started working very young – and important educational shortcomings. In contrast, young people now pushing to get a job are facing the competition of their parents’ generation, much more consolidated in the labour market – they have longer experience but are not on the point of retirement – and the youth cannot even claim for a big difference in terms of educational credentials on their behalf.

As the option of early and partial retirement will be progressively excluded for many senior workers not meeting tighter eligibility criteria,

they become increasingly exposed to employers' restructuring strategies through collective redundancies. Recent labour market reforms in Italy and Spain have provided a reduction of dismissal costs which mainly threatens the employment status of senior workers with permanent contracts. On the other hand, these substitution dynamics are being prompted by the extension of different forms of precarious labour market insertion among the youth, such as training and apprenticeship contracts, 'zero-hours' contracts in the UK and the so-called 'junk contracts' in Poland.

The company thought that senior workers were too expensive and so it proposed a downward adjustment to the staffing establishment. As the Law [after the 2012 Labour Market Reform] allows to do so, workers were told to work half the daily working time in other establishments in the city... their wages were also brought down in order to encourage them to leave the company by accepting lower severance payments... and so they did! [...] That is the reason why me and other young workers enter the company with part-time contracts of eight to ten weekly hours... and lower wages, for sure! (SP-YW6)

A company made some of the older workers redundant and employed younger people in their place. The latter accepted significantly lower salaries. That resulted in a situation in which identical work duties performed by the younger workers were rewarded with salaries half those paid to older workers. (PL-TUR6)

When facing these substitution risks, trade unions tend to rely on defensive strategies aimed at balancing the interests of both age groups. However, trade unions may find it difficult to address the tension between young and older workers as this usually overlaps with that of defending the interests of current members and potential new ones. The cases of Italy and Spain provide very significant examples of 'zero-sum' games in the management of intergenerational dynamics in the context of shrinking labour markets. While the former defensive agreements provide the reduction of costs of those already employed as means to promote the incorporation of new (younger) workers, in the latter the burden of the cost is totally placed on the new entries in order to preserve the employment conditions of senior workers.

In Italy this sort of intergenerational imbalances in collective bargaining are the result of the widespread use of so-called *ammortizzatori sociali* (social shock absorbers) to ensure that redundancies occur with the lowest possible social costs. Among these, the *contratti di solidarietà espansivi* (expansive solidarity contracts) is a work-sharing formula which allows for the hiring of new workers in exchange of the reduction of wages of those workers already employed in the company, usually with permanent

contracts and high seniority. Employers signing the agreement get public financial subsidies for the social contributions of the new entries.

In Spain, on the other hand, the use of so-called ‘two-tier pay scales’ on the basis of the date of entry has become a widespread practice. In a context of mounting pressures over the bargaining process, many workers’ representatives at company level have agreed on the introduction of these pay scales to generate jobs which may benefit unemployed youth, whereas senior workers may be willing to protect themselves from downward wage pressures even at risk of deepening inequalities within the workforce. Union representatives anticipate greater competition among different groups of workers (not only on age basis) because of the extension of two-tier pay scales and the declining coverage of collective bargaining following the implementation of the 2012 labour market reform.

The fact that some senior workers may be allowed to retain their employment conditions is just temporary, because if there is not a common framework of industrial relations covering the entire sector then they would be *off-market* workers, as companies used to say, and they are doomed to be made redundant or forced to accept future wage cuts. This is what we have to explain but many people do not understand it. (SP-YW8)

[As a consequence of the implementation of double pay scale in the company] [...] After two or three years working in the company, the younger worker will find himself working for a salary lower than their senior colleagues [...] this will become a conflict in the mid-term. The key for the company and the unions is to argue that this is a way of creating employment. (SP-OW1)

The option of solidarity between generations of workers seems to be gaining ground precisely because of threats to the social gains of all workers in the context of the current recession. Union delegates, especially the younger ones, do acknowledge that these and other measures which are being introduced under the pretext of economic crisis will drag down all other wages, creating barriers for wage growth of older workers.

We are aware that current two-tier pay scales are affecting young people but tomorrow these will become a structural wage cut for the whole workforce, because they won’t be young for the rest of their lifetime, and when they’re aged 55 they will be paid 5% less. (SP-YW2)

The goal of union work remains to ensure consistency to help pull up the most vulnerable persons, knowing that the context is not conducive to that. That is why specific groups try to work together on the basis of solidarity. (BE-TUR1)

3.2 Labour Market Segmentation Dynamics as Determinants of Age-Related Labour Market Inequalities

Trade unions and workers' representatives share the need to adopt more inclusive bargaining strategies to prevent age groups from being played against each other in a general downward spiral. However, young and older age groups of workers often enjoy different degrees of protection against labour market risks. This is not only because of the actions of employment protection institutions, but also because these age groups are mainly employed in different sectors and occupations. Thus, one of the factors that may be hindering the development of a solidary intergenerational approach in collective bargaining is linked to distinct patterns of labour market segmentation and occupational segregation on age basis. The weak position of young people in the labour market is translated into less unionisation and commitment with union activities and their specific needs and demands tend to be left aside of the bargaining agenda. Therefore, the form taken by labour market programs targeting this age group often varies according to priorities given to various groups competing for scarce employment opportunities. On the other hand, union bargaining strategies adopting a defensive stance do contribute to reinforcing this segmentation of employment conditions on age and seniority basis, as pointed out in the previous section.

Social partners and collective bargaining institutions have contributed to the distribution of employment risks and opportunities across different generations of workers through the regulation of age-specific transitions in the labour market. Changes in institutional settings, such as contractual arrangements or employment protection legislation, account for long-term effects on the labour market trajectories of different cohorts of workers. The introduction of non-standard forms of employment, such as fixed-term and part-time contracts targeting the inclusion of mainly young people and women in the labour market have long-standing effects on their career prospects, extending employment precariousness to later stages of their working life. A Polish worker states:

One could say that today, we have two labour markets in Poland; one, stemming from the 1990s, with indefinite-term contracts and social security, and the other, from the beginning of the 21st century, with high flexibility and uncertainty. Young people enter the second kind, and find it extremely difficult to move to the first. (PL-OW8)

These differences in employment status usually tend to be represented in public discourse by the opposition between 'insiders' and 'outsiders', where the better employment protection awarded to senior (older) workers is at the expense of greater employment instability and precarious-



ness among the youngest cohorts in the labour market. Differences in the employment protection between fixed-term and open-ended contracts have been usually highlighted as one of the main factors behind the high prevalence of youth unemployment (García-Serrano; Malo 2013). In countries with highly segmented labour markets, such Italy and Spain, young workers tend to be perceived as the natural buffer when companies face demand fall because they can easily be made redundant, as most of them are employed on temporary basis or on apprenticeships schemes with lower dismissal costs ('last in first out'). The consequence of these differences in employment protection standards is that the impacts of economic shocks are concentrated on those workers with temporary contracts and this allows the insiders to retain their 'privileges'. Trade union strategies tend to be simplistically assimilated to the defence of the insiders of the labour market, male-breadwinners and senior workers holding greater levels of employment stability.

However, the employment protection traditionally awarded to senior workers has been undermined in recent years. The issue of dualism in the labour market has been a crucial driver for the labour market reform in countries such as Italy and Spain in the context of the current economic recession. Unlike previous reform processes of the last three decades, the foreseen impact of the measures addressing the issue of duality undertaken in the last labour market reforms is focused on the core age of workers, those holding greater degrees of employment stability. The reduction of dismissal costs for open ended contracts set in the labour market reforms of 2010 and 2012 was followed by two calls to a general strike by main Spanish union confederations because this measure threatened the core of their constituency, but they were also trying to prevent a downward spiral in employment protection rights which affects the whole workforce. Since the mid-nineties, however, the main priority of Spanish unions has been addressed towards improving the stability of the new entrants into the labour market. Therefore, they accepted more flexible conditions for stable employees (through financial subsidies and lower dismissal costs) in exchange for less instability for temporary (mainly young) workers. However, the impact of such measures had a very limited impact on the employers' incentives to use temporary contracts instead of permanent ones.

Polish trade unions have been regularly bringing public attention to the steadily deteriorating conditions of young workers due to the growing use of temporary and civil contracts. Together with Spain, Poland accounts for one of the highest share of these so-called 'junk contracts' in the European Union. Civil law contracts are not covered by labour law and not always subject to social contributions. Major trade unions in Poland have campaigned for limiting the abuse of junk contracts through the introduction of the same social contributions which apply to normal employment contracts. However, many employers' associations oppose to such restric-

tions as these will increase the ‘rigidity’ of the Polish labour market, as these types of contractual arrangements allow companies to adapt quickly to demand shifts.

When confronted with the insider-outsider discourse, trade unionists tend to highlight the role of employers’ segmentation strategies and the composition effects stemming from structural changes of economic growth as the main determinants for the inequalities between generations in the labour market. Employment instability and other employment conditions such as wages are not only dependent on the type of contract but also affected by variables such as the size of the company and the characteristics of the job, which vary across different occupations and sectors of activity.

Young and older workers may perceive themselves to be facing different sorts of obstacles in the labour market. Both age groups acknowledge each other’s problems and there is no evidence of major conflicts between the groups. This is because age is often linked to other individual and occupational variables which are more determinant of workers’ positions on the labour market, such as the type of occupation and the activity sector. Large firms and those in the industrial and the public sector tend to offer more employment security and opportunities for career advancement than those in the service sector. The collective regulation of employment relationships also varies across these variables.

You are not discriminated because of your age, but because you are an apprentice. You are in a certain hierarchy within the company, you have a clear position within the company [...] it is not related to age, but to the position. (ATTUR4)

There are many sectors, such as the service sector, that employ only younger people who never even get to meet any older ones; it’s difficult to even discuss any relations there. Of course, as a union, we’ve tried to act harmoniously and to protect the interests of all the employees. (PL-TUR1)

Indeed, young and older groups of workers do not tend to be employed in the same sectors of activity and occupations. As shown in Tables 7.1 and 7.2, on average, more than a third of total youth employment is concentrated in the service sectors and occupations with high levels of employment instability and turnover, such as retail and hospitality. On the other hand, more than a third of workers aged over 55 years is employed in the public administrations and public services such as health and education.

In countries such as the UK and Spain, half of the young people in employment are in low-qualified occupations such as service and sales work-

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ers and elementary occupations (54,7% and 45,2 respectively). That is, young people in these countries are mainly employed in ‘pass-through’ jobs with no prospects for training and career progression. This contrast with the situation of Austria, where about half the young people in employment (by 46%) are qualified occupations as technical staff and craft-related positions.

Table 1. Distribution (%) of young (<25) and older (>55) employees by country and types of occupation (ISCO), 2012

	15-24							55-74						
	UE 27	BE	ES	IT	AT	POL	UK	UE 27	BE	ES	IT	AT	POL	UK
Managers	1.0	1.6	0.2	_	0.6	1.1	2.2	6.2	8.4	3.6	3.5	6.2	7.6	11.6
Professionals	6.7	12.8	8.7	1.9	5.8	6.1	9.1	18.8	18.8	18.9	21.7	17.6	18.6	20.4
Technicians and associate prof.	13.4	11.3	8.7	10.1	18.5	8.4	9.4	16.4	17.5	10.8	15.0	17.8	14.7	13.9
Clerical support workers	11.8	10.3	8.1	11.9	12.5	11.8	13.7	11.9	16.6	11.3	16.9	10.4	7.5	12.3
Service and sales workers	30.9	25.4	37.7	34.1	27.5	26.8	39.4	14.8	12.0	19.0	10.2	15.7	12.0	17.7
Skilled agricultural and fishery workers	1.3	0.8	1.3	0.7	1.3	0.0	0.4	0.9	0.5	1.2	0.8	0.0	0.5	0.5
Craft and related trades workers	14.8	17.4	10.8	20.9	25.2	19.4	8.0	10.3	8.1	10.4	9.4	11.5	16.5	6.8
Plant and machine operators	5.6	7.8	5.3	6.4	3.1	12.9	1.9	8.4	5.7	8.1	7.1	7.8	10.6	7.0
Elementary occupations	13.4	12.0	17.5	12.3	5.4	12.2	15.3	12.0	12.2	16.4	15.2	12.2	11.9	9.8
ISCO Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Eurostat

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Table 2. Distribution (%) of young (<25) and older (>55) workers by countries and sector of activity, 2012

	15-24							55-74						
	EU 27	BE	SP	IT	AT	PL	UK	EU 27	BE	SP	IT	AT	PL	UK
Agriculture, forestry and fishing	1.8	--	4.5	2.7	1.1	1.7	0.7	1.7	--	2.2	2.7	--	2.7	0.7
Mining and quarrying	0.3	--	0.2	--	--	1.8	0.2	0.4	--	0.3	0.2	--	1.4	0.5
Manufacturing	15	14.8	10	19.5	19.3	23.9	6.9	16.1	11.7	13.4	14.1	14	20.7	11.8
Electricity, gas supply	0.6	--	0.6	0.6	0.7	--	0.4	1	0.8	0.5	0.9	0.9	2.2	0.6
Water supply, waste management	0.5	--	0.5	0.6	--	0.9	0.5	1	0.8	0.9	1.4	--	2	0.9
Construction	7.5	10.9	4.7	10.3	13.8	10.7	5.5	5.5	4.2	4.6	4.4	9.2	7.5	5.4
Wholesale and retail trade	22.3	20.9	23.3	21.2	20.6	24	26.5	9.9	10.1	8.8	6.4	11.8	7.9	13
Transportation and storage	3.5	4	2.4	3.1	3.6	4.7	2.6	5.9	7.8	4.5	5.5	5.4	6.2	5.9
Accommodation and food service activities	10.9	7.5	15.6	15.7	9.6	7	15	2.7	1.9	4.9	3.1	4.6	1.6	2.9
Information and communication	2.5	2.4	2.9	1.3	2	3.1	2.2	1.9	2	1	1.3	1.9	1.2	2.1
Financial and insurance activities	2.2	1.6	0.9	1.1	2.3	2.3	3.4	2.8	4.2	2.7	3.1	4	1.6	2.4
Real estate activities	0.5	--	0.3	0.3	--	0.6	0.7	1.1	0.7	0.4	0.6	1.1	2.2	1.3
Professional and technical activities	3.6	3.5	2.9	3.1	4.8	2.4	4.1	3.3	2.8	1.9	1.9	4.3	2.7	4.9
Administrative and support service	4.3	4.8	4.4	4	2.8	3.1	4.7	4.4	4.7	5.8	3.8	4.3	6.7	4.5
Public administration	3.9	4.8	3.8	2.3	3	4.1	2.3	10.4	14.7	13.5	12.5	10.9	8.8	7.4
Education	4	5.5	5.4	1	3.2	2.2	5.3	11.8	11.8	11.9	17.8	12	11.8	13.6
Human health and social work	9.5	12.7	6.3	4.1	7	2.6	9.5	13.8	15.7	13.8	12	9.3	9	16.9
Arts, entertainment	2.7	1.8	4.6	1.9	1.6	1.6	4.7	1.6	2.1	1.3	1	1.4	2.3	2.2
Other service activities	2.8	2.5	3.4	5.1	3.5	2.7	3	2.3	1.7	1.5	2.1	2.6	1.2	2.4
Activities of households	0.7		3.4	2	--	--	0.1	2	--	6.2	5.2	--	--	0.2
NACE Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Eurostat

In sum, these differences in the patterns of labour market segmentation of young people explain the extent to which effective intergenerational cooperation practices are adopted in the workplaces. One of the most relevant examples of well established practices of cooperation and knowledge transfer between different age groups is provided by the dual system of vocational training in Austria (*duales Berufsausbildungssystem*). In companies participating in the dual system of vocational training, employers are responsible for ensuring that an apprentice receives appropriate practical training in the apprenticed occupation concerned, either from themselves or from other suitable persons in the company. An employer refers to the use of the young apprentices as ‘icebreakers’ for the introduction of new technologies (AT-ER<sub>3</sub>): they assume certain tasks and afterwards they are encouraged to pass their experience on to the rest of the staff. Another worker in a manufacturing company mentioned the organisation of mixed work teams where young and older workers shared competences in the management of the new technologies:

My slogan was: The younger worker is faster and stronger, but the older worker knows the shortcuts. (ATTUR<sub>5</sub>)

Many stress the need for increasing the cooperation between generations based on knowledge transfer in the workplaces, specifically in the field of training in new information and communication technologies. However, this increased potential for cooperation often clashes with selective training strategies in the companies, which tend to focus on young workers who are already well-trained. Thus, the career prospects of senior workers are also becoming uncertain and they have no further hope of benefiting from training since this cannot be capitalised during their working lives. As a young Belgian worker puts it:

Several older workers have been maintained at work after a company closure and placed in new structures. They have not been trained in new technologies and new ways of working. These people are paid but it is not possible to assign them any work. It is not because people get older that they do not have the right to work with modern tools! There is a need for exchange between young people who have little experience but are sometimes very good at new technologies and older workers who have experience to pass on. (BE-YW<sub>4</sub>)

On the other hand, senior workers may feel threatened by new entries and may not feel confident to share their experience with younger workers with higher qualifications and lower employment standards. In some cases, the outsourcing of certain tasks and activities is found to be contributing to the further de-professionalization of senior workers. Older workers in large

companies referred to these practices as the main threat to their employment status in restructuring processes as it tends to increase diversity and fragmentation of the staff working conditions.

Then you're being left aside in a job post with no commitments. I always fought against that in the company. We cannot allow a manager to have four workers in a corner with nothing to do only because he has decided to outsource the service while those colleagues are being cornered! It is demeaning to workers but also for the economy of the company, because they are paid for doing nothing but still too young to retire. (SP-OW2)

### 3.3 Traditional Intergenerational Solidarities Under Question

Young and older workers may be segregated in the labour market and in terms of employment conditions, but they obviously meet in the domestic sphere. The household circumstances of young and older workers clearly affect their vulnerability to the crisis. This in turn may be acting to the detriment of the development of an intergenerational approach in social dialogue and collective bargaining.

Distinct patterns of co-residence of youngsters and their parents are assumed to differ between countries and these may be still playing a key role in offsetting the intergenerational imbalances in the labour market (Albertini et al. 2007). In southern countries such as Italy and Spain, where younger people constitute a much larger proportion of the unemployed than in the rest of the countries, family ties provide an important element of protection against unemployment and low earnings. In these countries, the uneven distribution of the social costs of labour market flexibility among different cohorts of workers has been interpreted as the result of an 'implicit intergenerational agreement' (Garrido 1996) under which the social costs and conflicts of unemployment and precariousness become internalized in the households. The wider impact of the current recession, however, is questioning the future viability of this intergenerational agreement, where the employment of the household reference was supposed to act as a guarantee against the unemployment risks of the rest of the household members.

Most of the youth unemployment increase in these countries has been absorbed through greater inflows into inactivity, which means that most vulnerable situations are being protected by family solidarity networks. On the other hand, labour market participation rates of older workers have increased in the last decades and even in the context of the current recession. This positive balance is mainly due to the advancement of women's employment rates, which is preventing further increases of the unemployment rates in this age group of workers. In many cases, women

are acting as a buffer against household joblessness. However, this may not be enough guarantee against poverty risks, as many of them become unemployed or employed on low-wage jobs.

As a consequence, there is a growing share of young people living in households where the rest of the members cannot provide these guarantees. The share of young from 16 to 29 living in households with very low work intensity amounted to 12.4% and 13% in 2011 in Italy and Spain, respectively, almost twice than those in Austria (6.5%) or Poland (5.1%) and significantly higher than in Belgium and the UK (around 9%) (Table 3). Spain reports the highest increase in this group of vulnerable young people with regard to the situation previous to the crisis. Spanish youngsters under 25 have become the age group with the highest prevalence of poverty risk in the last years. This age group has replaced older people aged over 65, mostly retired or dependent on social protection schemes, as the most vulnerable to poverty.

Table 3. Share of young people (16-29) living in households with very low work intensity by country

	2007	2008	2009	2010	2011
Belgium	9.1	8	8.1	8.6	9.4
Spain	6.5	6.4	7.3	9.7	13.1
Italy	10.8	10.8	10.1	11.3	12.4
Austria	5.2	4.4	5.2	6.7	6.5
Poland	7.8	5.5	5	5.9	5.1
United Kingdom	8.3	9.2	10.3	10.8	9.3
EU 27	8.5	7.8	7.9	9	9.3

Source: Eurostat

Although family arrangements are still playing an important role in alleviating the impact of unemployment and precarious employment among the young, this source of intergenerational solidarity is showing signs of exhaustion. The length and depth of the impact of the current recession has reached the core age workers which in previous episodes of economic crises acted as a buffer against the loss of the employment of other (younger) households members. Such a trend is likely to result in additional pressures on the intergenerational solidarity in family networks. Due to the extension of joblessness, in most cases, the pensions of the elderly tend to become the sole income of the household. To what extent this path of unemployment distribution between (and within) households is affecting the future prospects of the so-called ‘intergenerational pact’ is an issue to be dealt with not only in all Southern Europe but across the EU (Klose, Moreno 2013).

The impact of the current recession has contributed to raising awareness on the growing share of jobless households, to the extent that the EU has

included them as one of the targets in framing the poverty reduction target of the 2020 strategy for growth and jobs (Cantó et al. 2012). Notwithstanding, empirical studies have highlighted a growing risk of polarization of the distribution of unemployment across households in the course of the last decades, which is exacerbated in periods of recession like the current one (Greg; Scutella 2010). The spread of joblessness has to do with the dynamics of labour markets and specifically with the concentration of unemployment in households with low educational credentials. This logic may be tempered by social arrangements regarding the distribution of employment risks and opportunities across different generations of workers according to different institutional patterns and welfare regimes. Family networks are still playing a key role in offsetting the intergenerational imbalances in the labour market but their traditional capacity for acting as the last safety network in southern countries is being undermined by the increasing polarization in the distribution of unemployment across households.

## 4 Conclusions

This chapter has emphasized the need to take into account the internal diversity of age groups when dealing with the complex issue of intergenerational equity. More importantly, current debates on the issue of intergenerational fairness are actually masking the increase in social inequalities on the basis of class and socioeconomic status within each generation.

Current ‘intergenerational solidarity’ policies aimed at balancing the share of contributions and benefits in line with life expectancy increases are consequently at risk of increasing inequalities among future retirees. Pension reform processes are promoting an increase in the number of working years without acknowledging the different needs and situations of workers placed in different positions of the occupational structure, especially those whose trajectories are most affected by employment instability. To achieve longer working lives major reforms are needed for supporting the employability of older workers in long-term unemployment and those in declining industries and low qualified jobs at both the demand and supply side of the labour market. Otherwise, we may be witnessing a ‘lost generation’ for whom the notion of working longer has come too late. Activation – both in terms of improving the employability of older workers and providing financial incentives to work longer – when there are no jobs to be offered may help many older workers to stay in the labour market, but with little prospect of quality job opportunities. Here it should be pointed out that one of the guidelines for active inclusion in the EU is the provision of adequate income support together with job searching activities.

Another question dealt with in this chapter is how social partners antici-



pate the impact of these policy changes on the traditional age management practices and intergenerational imbalances in the labour market. In this regard we found a general lack of awareness and innovative approaches to the issues involved with active ageing and age diversity management in collective bargaining, though with some exceptions. This lack of anticipation from social partners contrasts with shared expectations of an increased competition between different age groups of workers for scarce employment opportunities in the forthcoming future scenario of 'jobless recovery' and under the additional pressure of austerity. Increased competition, however, does not necessarily mean an intergenerational conflict is in the making. Intergenerational relations are better described in terms of ambivalence, that is, by the simultaneous coexistence of those experiences that represent solidarity and conflict (Lüscher, Hoff 2013). One of the factors which may be preventing the emergence of conflicts between generations and the further institutionalisation of intergenerational cooperation are related to distinct paths of labour market segmentation on age basis. In other cases, however, unions' defensive strategies in restructuring processes may be underpinning the existing paths of labour market segregation and contributing to a certain extent to the unequal distribution of its impact between different age groups. The current crisis of the labour market is putting forward the need to avoid zero-sum games when managing company restructuring processes.

On the whole, 2012 as the year for Active Ageing and Solidarity between Generations has highlighted the need for the building of intergenerational solidarity on a new basis. One of the main challenges facing social dialogue is to be able to adopt more inclusive arrangements in the management of age diversity in the labour market. Population ageing and changing patterns of labour market participation are often associated with a threat to the intergenerational contract upon which the welfare and social stability of industrial societies are built. The redefinition of this contract, which used to underlie pension systems, demands the renegotiation of the distribution of employment and non-employment along the life-course for all generations. The challenge is to adopt an integrated approach to the management of age diversity and synergy of all age groups. In this sense, the focus should be on supporting (risky) transitions in the labour market and ensuring equal opportunities of all workers throughout the life cycle, regardless of their age. Age-segmented measures such as subsidized employment contracts for young people and early retirement schemes for older workers has resulted in different forms of age-related inequalities in the labour market and raised concerns on substitution risks of older workers for younger ones in the context of current recession. Transitional labour markets provide for a dynamic approach to flexicurity and its implementation through institutional arrangements which enhance employability and flexibility along the life course through a differentiated set of mobility

options, entitlements and income insurance related to risky transitions in the labour market (Grazier 2007). This may act as an adequate policy framework for the collective regulation of transitions and contribute to the distribution of employment opportunities between generations in a more equitable way.

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