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European Public Opinion Concerning the Extension of Working Life Selected Results of the 2001 Eurobarometer Survey

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A large part of the recent Eurobarometer survey (October 2001) investigates public opinion on various aspects of the pension issue, the current living standards and income mix of elderly people, their perceptions of future problems and their opinion on a variety of policy proposals. The assumption underlying such a survey is that it will yield relevant information for the policy-making process.

I would like to venture the thesis that a large-scale reform, especially in the field of pensions, will only be successful in the long run if it is in accordance with the basic value orientations and beliefs of the citizens, or to put it in sociological terms: The public acceptance of a reform is a precondition of its long-term sustainability.

Here we focus mainly on the transition from work to retirement. When and under which conditions should older workers leave the labour market and enter retirement? Should the route to retirement be facilitated (in order to ease current unemployment problems) or should incentives be given to stay in employment (in order to maintain or even increase labour force participation)? Which kind of incentives should be provided?

The conditions of the transition from work to retirement

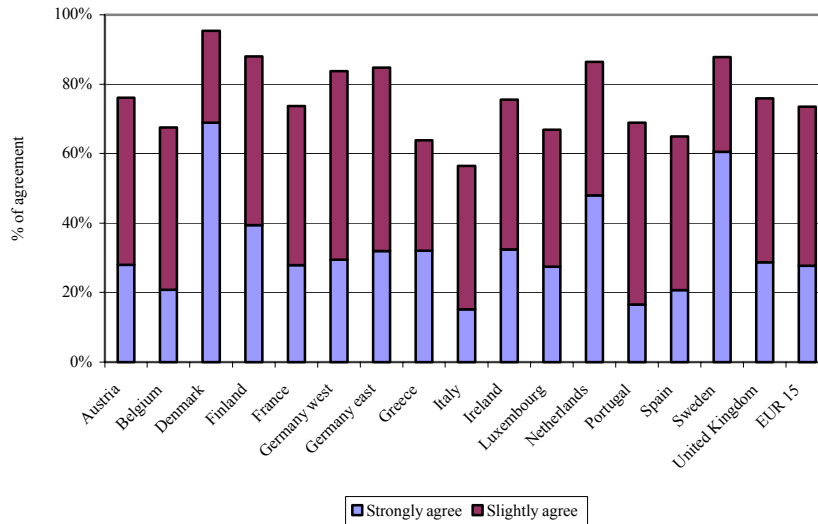
We asked a series of questions about specific proposals concerning the conditions of the transition from work to retirement. The answers to these questions show that, despite the low level of support for the general idea of raising the (statutory) age of retirement, there may still be some leeway for political action to take reform measures which can gain broader political acceptance.

As the following Table shows, the proposal that "older workers should be allowed to retire gradually from work (e.g. to combine a partial pension with reduced

work)" gained broadest support: almost 3 out of 4 persons agreed, 46% slightly and 28% strongly, while only 17% disagreed. Broken down by countries, the

support has been strongest in Denmark (69% strongly, 95% altogether), Sweden (61% and 88%, respectively), and the Netherlands (48% and 86%, respectively). Since these are countries where partial pension schemes have been enacted in the past, it can be concluded that these experiences have been overwhelmingly positive (at least in the popular view).

**Older workers should be allowed to retire gradually from work
(e.g.: to combine a partial pension with reduced work)**

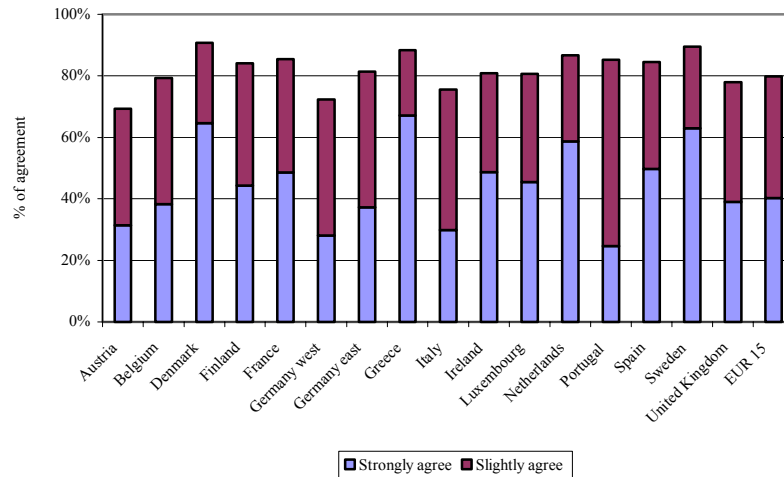


The prospect of retiring gradually from work, according to one's own preferences and physical abilities, seems much more acceptable than extending working life across the board by raising the statutory age of retirement. So this response can be taken as strong evidence that people are in favour of an individual flexibilization of the transition from work to retirement. Moreover, a gradual pension scheme is not tantamount to an early retirement scheme. Depending on the individual and labour market conditions, it could also lead to deferring the final retreat from employment. When a sufficiently large number of employees is willing to act in this way, this could also result in an increase in the actual average age of retirement. Of course, such an outcome is only likely if there is a shortage of labour supply and/or the working conditions and the level of remuneration are sufficiently attractive to keep older employees in their jobs.

As next Table shows, there is broadest support for the opinion that "people who are forced to retire early for health or labour market reasons should receive a full pension as if they had worked until the normal retirement age." This item captures the conditions under which people are willing to accept the idea of solidarity and redistribution in favour of less advantaged groups in society, although in principle they may adhere to the logic of individual equivalence. These circumstances, poor health and/or mass unemployment as a consequence of an imbalance between supply and demand on the labour market, are seen as risks which are beyond the control of individuals and for which they, therefore, should not be held personally accountable.

This applies especially to the situation of older workers who are made redundant without the prospect of ever finding a new job. About 80% of the adult population in the European Union subscribe to this view; in countries like Denmark, Sweden and the Netherlands, but also in Greece, the level of support even approaches 90%.

People who are forced to retire early for health or labour market reasons should receive a full pension as if they had worked until the normal retirement age

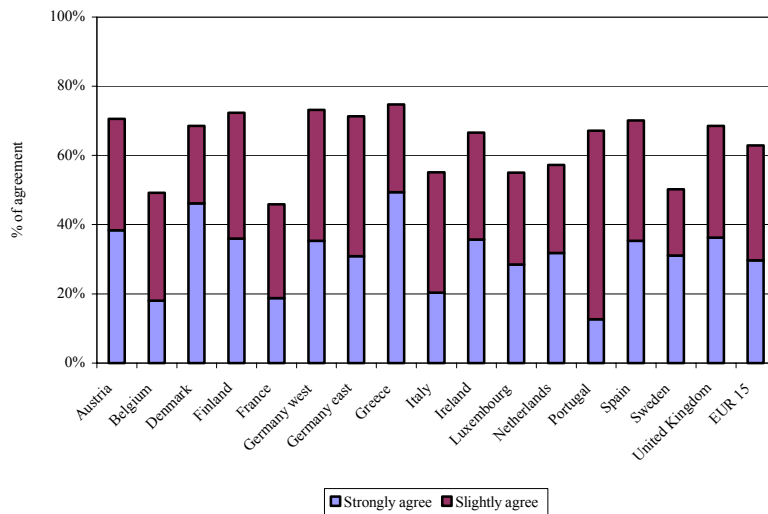


The conditions of an extension of working life

People are not in general unwilling to stay longer in the active labour force. The statement "Older workers should be helped to stay in the labour market by being offered the same access to training as younger workers" found widespread support (63% for the EU as a whole). It is noteworthy that the level of support was even above average in some countries where people disagreed with financial incentives for later retirement. In Denmark and the United Kingdom, for instance, more than 70% agreed with this statement. We interpret this as evidence that people perceive as insufficient the promise of higher benefits when they retire later is not sufficient. Even if this increased the willingness of employees to stay economically active, such a strategy would not work unless enough job opportunities are available for older workers and as long as employers seek to get rid of older workers in favour of younger (and presumably more productive) workers.

This interpretation is further corroborated by the finding that people throughout Europe are also extremely critical of what seems to be common practice in a number of countries, namely that "companies dismiss older workers (or send them in early retirement) at the expense of state pension schemes". Three out of four citizens in the EU as a whole, and at least a majority in each country, support the view that they should not be allowed to do this.

Companies should not be allowed to dismiss older workers at the expense of the state pension schemes



Conclusion

On the basis of the opinions expressed by European citizens in this survey, a promising strategy to extend working life should focus more on changing labour market conditions and the re-organization of work arrangements than on changing the rules of pension schemes. The latter may prove satisfactory as auxiliary measures. But what is more important, even crucial for such a strategy to be successful is that employers do not discriminate against older workers, but continue to invest in (the adaptation of) their qualifications. What is also important is that they adapt to the individual needs and circumstances of older workers by providing more opportunities for part-time work and reduced working hours.

Of course, these steps which need to be taken by companies and employers in the first instance can be facilitated and supported by means of public policy, in particular employment and labour market policy. As a result, it can be expected that they will make working arrangements more attractive to older workers and will thus induce them to extend their working life voluntarily, by positive incentives rather than by the threat of a reduced pension.