Reorganizing the Activity Cycle: the Stakes in a New Social Contract

Bernard Perret

Activity cycle made up of three clearly identifiable stages (study, labour, inactivity) characteristic of industrial societies is, nowadays, less clearly distinguishable. The establishment of a stable professional life at the beginning of adulthood is taking place later and later, often preceded by a transition period marked by uncertain social status. An analogous phenomenon is noticeable at the end of active life, with an increase in professional fragility and a gradual fall in activity rates beyond the age of 50. At the same time, physiological old-age occurs increasingly later in life, and the financial difficulties faced by retirement systems will, sooner or later, make it necessary to set retirement at a more advanced age.

We are witnessing the emergence of two transitory phases, two new stages of life without parallel in previous societies, characterized from the social standpoint by increased inequality between individual trajectories and by growing uncertainty. Very roughly, it can be said that there are two possible attitudes when faced with these main trends:

- A liberal attitude which would tend to deny the social pertinence of age criteria while accepting a complete individualisation of professional life profiles based on competencies, state of health, etc. According to this hypothesis, inequalities during the unfolding of the life cycle would be added to other forms of inequality;

- A more voluntarist attitude which would try to re-establish references to age criteria in the collective management of human activity. This could lead to the establishment of a standard life cycle made up of five stages, replacing the old cycle made up of three stages.

In practice, the adoption of such a project presupposes the definition of new social entitlements and new collective regulations applicable to the transition phases. Leaving aside the problems facing the young, we will develop (with purely heuristic intentions) a "model" which will allow us to illustrate the potentialities and the difficulties inherent in a "second career" based on the following principles:

- generally a part-time activity, but one that can be extended beyond the age of 65.

- income combining both income from the activity and benefits.

- taking into account personal projects

- the encouragement of pluriactivities and activities that are "socially beneficial".

Any such scenario is obviously largely utopian and it would be impossible to ignore the numerous political and technical difficulties facing its implementation. Furthermore, it may be argued that in certain cases, the differentiation of life cycles is a response to inequity (no one would contest the idea that a worker who has had to carry out arduous tasks since the age of 16 should be allowed to retire at the age of 55). Although voluntarist and simplified, this scenario has the basic merit of suggesting that a social contract between generations could be reformulated in a more innovative way instead of being sacrificed to the mercy of socio-economic tendencies which are not certain to lead to satisfactory solutions from a social equilibrium standpoint. In order to put this idea into perspective, before illustrating the notion of a second career based on a few concrete examples, we will introduce two more general considerations with, on one hand, the role of age criteria in the social domain, and, on the other hand, links between employment, activity and welfare.

Taking into account age criteria in social policy

The « Civil Code », by and large, distinguishes only between minors and adults. By contrast, "Social" codification is based on the real abilities and needs of individuals (and not just their abstract quality of citizen). Hence a need to put individuals into categories based on several criteria among which age occupies a key position. Putting individuals into categories based on their age makes it possible, by way of social policies, to establish a vast system of solidarity and exchange between generations.

Within the social system, the peculiarity of transition periods has already been recognized. At the young end of the scale, 18-25 year-olds are the object of a set of specific measures (although they cannot receive RMI - minimum insertion income). To a lesser degree, the 16-18 year-old age-group is also recognized as a transition period. Towards the end of active life, several thresholds exist (55 years, 57 years, 60 years…) defining particular entitlements to partial or total inactivity. Over time, several "special types of activity" (Collective utility work –TUC-, employment solidarity contracts, youth-jobs, progressive early retirement) have been created to help people during transition periods (either exclusively or otherwise).

This institutionalization of transition happens under the auspices of inequality and individualisation. The new thresholds introduced by social policies do not have the unifying characteristics of the imposed stages that structured the life cycle during the "Trente glorieuses" (the boom years of the French economy spanning from 1946-1975), ex. military service at 20, retirement at 65. In fact, far from defining new ages with clearly identified contours, the transition periods seem to be symptomatic of the destructuring of the standard life cycle. Legally, they simply take on the aspect of high risk periods when individuals could fall through the social net. Their importance in French social policy can be seen as the consequence of a concentration of remunerated activity in the 25-55 age-group that stands out more than in other countries.

On the other hand, and in a way that might appear contradictory, society is marked by a tendency to put the generation gap into perspective and to improve the image of individual autonomy at any age. Under the dual effect of medical progress and changes in behaviours, we seem to be in the process of evolving towards an "age neutral society", according to certain sociologists.

"Society has grown used to the 70 year-old student, the 30 year-old university director, the 25-year-old mayor, the 35-year-old grandmother, the 50-year-old pensioner, the 65-year-old with a child in kindergarten, the 85-year-old mother caring for her 65-year-old son: norms and expectations based on age are no longer as important"[1].

Under the circumstances, we can begin to wonder, alongside Xavier Gaullier (1998), whether the emergence of intermediate ages like "young adults" and "final career decade" constitute a "French way towards generalized flexibility concerning all ages and all stages in life", that will sooner or later result in the questioning of workforce management based on the exclusion of young people and those over 55. Without meaning to ignore this possibility, the way we have chosen to explore the question is based on another wager : the aim being to re-configure age reference within the organisation of social solidarity, in a way that would prove both more flexible and more complex than in the past.

The search for a better articulation between labour, activity and social coverage

The debate that we have just sketched out should be put into the context of present day reflections concerning the interconnections between labour policy and social coverage. This question is generally broached from two angles : 1) the impact of tax contributions on job creation and 2) the impact of indemnity mechanisms on activity behaviour. Expressed as concisely as possible, the question is: How can the contribution and social security system be made compatible with changes in the labour market? Or, more precisely: 1) How can the delineation of levels and types of employment be simplified (and in particular the creation of flexible, "nonstandard"/and or semi-qualified jobs)?, 2) How can professional mobility be simplified?, 3) How can the unemployed and jobless be encouraged to actively seek

[1] An American sociologist, quoted but unnamed in X. Gaullier (1998).

employment and, more generally, how can the transitions between different types of activity be simplified (training, inactivity, employment)?

Negative tax and universal benefits

The creation of mechanisms such as *negative taxation* might seem like the best way of reaching this set of goals. Roughly speaking, the redistribution system would have to be transformed into a single mechanism combining a basic allocation along the lines of a universal benefit and single-rate of taxation from the first euro onward, in such a way as to obtain a linear relationship between primary income and final income (in fact, the partisans of this type of reform generally admit the necessity of some degree of progressiveness, which leads them to suggest the continuation of an increased marginal level of contributions for higher incomes) (Bourguignon, Chiappori, 1997)

Under the heading *universal benefits* or *existence income* similar ideas have been upheld in the name of varied, and sometimes contradictory, philosophical concepts[2]. Overlooking the obvious ideological divergences, by using negative tax, these different scenarios both aim to replace the present contributions and social security system with a single mechanism, of which one of the major advantages would be to broaden the possibilities of cumulating income from activity and benefits, thus facilitating the diversification of activity and types of employment.

It is unlikely that a complete reworking of the fiscal and social system is possible in the short term. On the other hand, some reforms inspired by the same sort of considerations have already been put into place and others will probably be introduced over the coming years. In France, two subjects are on the agenda. One has already been circulating for many years: a reduced level of charges on the lowest wages; the second is more recent: a modification of the conditions for receiving minimum social benefits that would encourage people receiving them to work[3]. Along the same lines, new measures were taken in 1998 to allow people receiving RMI and other social minima benefits to cumulate a part of the benefit with income from employment for a period of one year, in a degressive way, provided income remains below minimum wage level. This will have the indirect effect of favouring the creation of part-time, low-waged employment. The United States have had a wide-reaching mechanism in place since 1975, aimed at encouraging the beneficiaries of social security to seek employment: the Earned Income Tax Credit (EITC)[4].

Negative tax can be seen as a radical way of helping the diversification and the flexibilisation of activity cycles, from a blatantly individualistic and liberal standpoint. If we follow this thought through to its logical conclusion, we would find a society in which labour and social benefits were organized on a purely individual basis, with everyone managing his or her own portfolio of diversified activities, whether remunerated or not, including income from benefits. The subjacent temptation is to radically detach redistribution and regulation of the labour world. For some liberal economists, negative taxation is the inevitable social counterpart of the suppression of minimum wage and the dismantling of the legal framework of waged work.

The "transitional labour markets": attaining negotiated management of transitions based on the diversification of types of activity

This liberal project can be contrasted with another project, based on the same premises (i.e. reforming social protection in order to simplify the diversification of types of employment and install a more flexible management of individual activity cycles) but is more oriented toward the renewal of collective regulation and social negotiations.

This type of project was first sketched out by the concept of "transitional labour markets" (Schmid, 1995), which several European researchers are presently working on. Transitional

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[2] André Gorz, Jean-Marc Ferry, Philippe Van Parijs, Yoland Bresson, to name only a few of the most well-known. For an overview of the various positions cf. the collective publication coordinated by Alain Caillé, Vers un *revenu minimum* inconditionnel? *La revue du M.A.U.S.S.* half-yearly, n°7, 1st semestre 1996. La Découverte.

[3] Since this article was first written, « La Prime pour l'emploi » has been put into place, constituting a new stage in the process of individualized encouragement to work.

[4] The EITC principle is identical to that of a negative tax that only concerns the poorest workers. This type of measure has helped in the creation of low-paid jobs, especially in personal services. According to some estimates, the EITC has contributed to the creation of a million job positions.

markets strategy is based on the spontaneous development of new employment and activity situations, which it gives positive social significance although it is often experienced as second-rate employment. What needs to be done, to quote Bernard Gazier, is : “to systematically reorganize the intermediate positions between waged employment and a large group of activities that constitute a service to the community” (Gazier, 1997). In real terms, social benefits would be redirected in order to help the systematic linkage of part-time employment and other activities (training, raising children, participation in organisations, etc.). Many measures touching transitional markets already exist: progressive early retirement, unemployment benefits for those with reduced activity, parental leave, training leave, retraining leave, etc.

The aim should be to increase and unify these measures, but also to reinforce the social guarantees that these individuals enjoy, and also to place the management of these situations at the centre of a new type of social negotiation. The possible scope of application is large, ranging from training programmes, to special working hours for the parents of young children, to the reintroduction of unemployed workers into employment, as well as the transition between professional activity and retirement, etc. The transitional market concept is a possible response to the classic aim of “activating” social security spending, but it tries to accomplish this while avoiding the symmetrical dangers of unconditional attribution (universal benefits) and obligatory employment, by crossing the bounds of the insertion economy (CES, intermediate associations, insertion companies, etc.), and, most of all, by giving decentralised collective negotiations a key role to play in the management of changes in employment. We could define the perspective in store for transitional markets as an attempt to reconstruct waged society around a negotiated organisation of mobility, part-time employment and pluriactivity, based on the assumption that these situations, and in particular the feminisation of waged workers and the increased lack of job security, will concern the majority of workers.

The idea of a transitional market is not disconnected from that of the “Contrat d’activité” (“Activity contract”) suggested in the 1995 report issued by the Commissariat general du Plan entitled *Work in Twenty Years’ Time*. In broad terms, the aim of the *Activity contract* would be to integrate new types of work (in particular, pluriactivity in its various forms) into a framework providing the same security and the same advantages as the classic wage-earner’s contract. Thus, the aim would be to “enlarge the organisational framework of the employment relationship with regard to three main constituent elements: its objective, its temporal space and its personal scope. Along the same lines, some legal experts have suggested a more ambitious idea entitled “active person’s status” which would define the social entitlements and obligations of the individual during his/her entire active life. “Such a status could be applied from the age of 16 or 18, alternately covering work and training, plus the various work contracts making up a career which no longer will take place within a single company. It could also encompass self-employment, as a new phenomenon is developing in the form of pluriactivity for people who are part wage-earners and part self-employed workers (Gaudu, 1998). As the author of this proposition suggests, this would make it possible to address as a particular case the question of the counterpart that, in some cases, need to be given by those receiving replacement income.

The building site of employment-inactivity transition

Clearly the transitional market idea concerns first and foremost (although not exclusively) the management of transitory ages. Obviously the transition from employment to inactivity constitutes a particularly pertinent and promising area of application. It is barely even necessary here to underline the quantitative stakes for hundreds of thousands, and perhaps even millions, of potentially concerned individuals.

In several ways early retirement prefigures what we are aiming at here, but the measures are too rigid and limited in their ambitions. If the existing measures are taken as a starting point, it would be necessary to go further:

1) Broaden the time scale. Progressive early retirement is seen as a short transition, 2 or 3 years, whereas a second career requires a longer length, closer to 10 or more years. The advantage (particularly economic) of this sort of plan would be to postpone the age of complete retirement (beyond the age of 65). To be perfectly clear, the aim is to move from the idea of progressive stoppage of activity to that of part-time retirement.

2) Diversifying activities. Whereas progressive early-retirement consists in going from full-time to half-time work in one's company, the new aim would be to offer beneficiaries a veritable change in activity, comparable to what is sometimes done during an end-of-career detachment. Obviously, the high increase in wages that goes hand in hand with seniority in large companies (especially for management positions) constitutes a major obstacle: it makes it hard to imagine any sort of horizontal mobility, let alone slight downward mobility, at the end of a career. There are truly "dinosaur cemeteries", especially in the state sector, in which long standing white-collar workers are given various tasks which tend to be less demanding than those carried out in previous years without necessarily being less qualified. These costly measures, which remain opaque and badly "managed" should certainly not be used as models. Why should it not be possible to clarify the aims and rationalize the parameters of this type of behaviour?

3) Diversifying financial assembly. In many cases, we could expect tripartite financing provided by the original company, a new private or public employer (perhaps a local community) and the social security system (State and/or retirement organisms).

4) Leave the most room possible for *personal* projects and contract work.

A few examples

The field of activities that stands to be encompassed by this type of measure is obviously vast. Neighbourhood services, training and consulting, participation in non-profit organisations, caring for the environment, etc. I will limit myself to two concrete examples:

1) Neighbourhood shops in rural areas. Many French villages do not have sufficient inhabitants to allow a shop to thrive. It is possible that a certain number of early pensioners might be willing, for reasons of independence and quality of life, to run a shop that makes a loss, provided their income is supplemented to a decent level (that I will not venture to fix here). In this type of scenario, part of the supplementary income could be financed by the village, social security, and possibly even the company originally employing the person (within the framework of company restructuring).

2) Neighbourhood mediation and justice. There are considerable needs in this area. I will not develop this any further, instead I will let each reader imagine the type of administrative and financial set up needed for this type of project.

Certain readers will object that the natural interaction between the market and social demand will allow this kind of innovation to emerge on its own. True enough, many people in early retirement or young pensioners already participate in a wide range of socially beneficial activities (consulting, organisations, electoral mandates…). Nonetheless, an overall public policy would be very useful, grouping together financial motivation mechanisms, training schemes, and follow-up as well as actively and openly encouraging the advancement of this type of work. It is worth asking whether part of the social needs identified in the framework of the "emplois-jeunes" ("youth jobs" scheme) measures should not have been organized into what we could jokingly call "emplois-vieux" ("old-folks jobs") (Coquidé, 1998) (trust politicians to find a more appealing label). As far as young people are concerned, these jobs in fact have the dual inconvenience of not making later integration into companies any easier and by being almost exclusively oriented towards the lower end of the public sector - while this would not be a problem for people reaching the end of their working lives.

Concluding remarks

With regards to the previously started debate, the path we have just sketched out is clearly situated within the perspective of a re-modelling of the social contract between generations. As presented here, the "second career" project can be interpreted as a more complex form of trade-offs between generations, integrating a monetary dimension. Early in active life, the now extinct Military Service used to represent a classic example of a trade-off between generations (young men were called upon to give up their time for the community). The activity-retirement transition is characterized by a variety of formulae, combining wages and benefits in varying proportions. A slightly caricatured way of presenting things would be to say that a social contribution is made in kind, in the shape of community activities, but this type of presentation runs the risk of inciting rejection. The thought of a second career could only be accepted if it were seen as a new type of freedom, which is why the importance of negotiated *personal* projects needs to be stressed. This should give rise to a new sense of sharing between generations, at least to some extent in the form of a right to personal fulfillment combined with an obligation to help the community.

The establishment of this type of innovation would call for a great capacity for institutional inventiveness on behalf of all concerned parties. Furthermore, society would have to accept a more individual and contractual administration of social entitlements. It is not certain that these two difficulties can be overcome[5].

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[5] This text had been firstly written before two important social reforms - dealing respectively with time schedule reduction (the “35 hours”) and retirement benefits – implemented in 2000 and 2003. The author must admit that the ideas formulated here have had little impact on the social debates about these reforms. The questions of work time and retirement benefits have been discussed ant treated separately, without any connection. Nonetheless, many people are conscious that the many underlying economical and social problems have not been adequately adressed and that debates must go on. In the meantime, a lot of reflection work has been carried on in different European countries about transitional labour markets. To end with, I think that the social strategy exposed in the present text remains relevant, considering the social problems we shall face in a near future.