

Overcoming Early Exit From Work

Bernhard Ebbinghaus

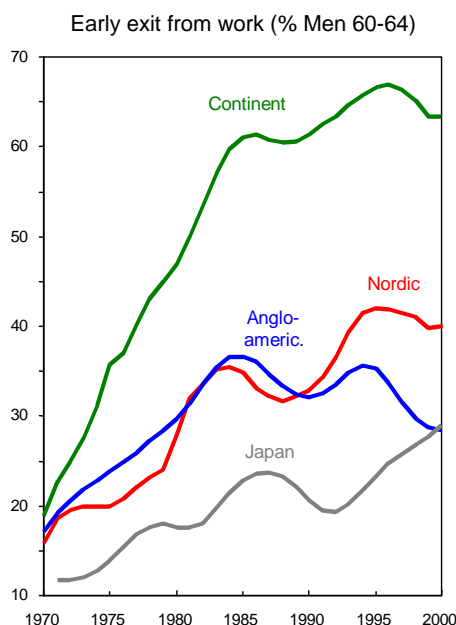
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MANNHEIM

1. Overcoming Early Exit from Work



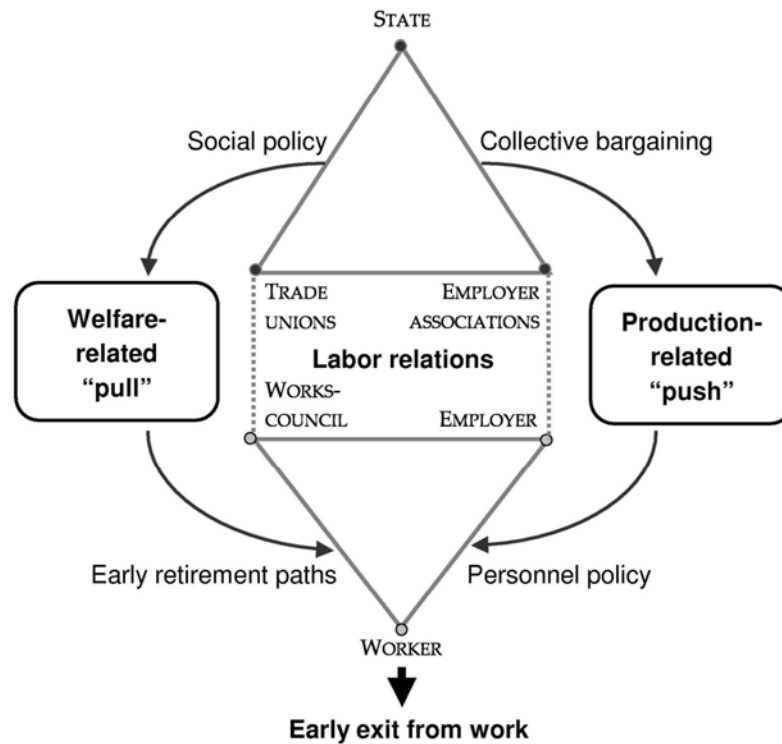
Bernhard Ebbinghaus:
Reforming Early Retirement in Europe, Japan and the USA,
Oxford University Press, 2006,
pbk 2008.

International Comparison:
8 European nations, USA and Japan

Question 1: Why do **early exit trends** differ?
(Regime variations)

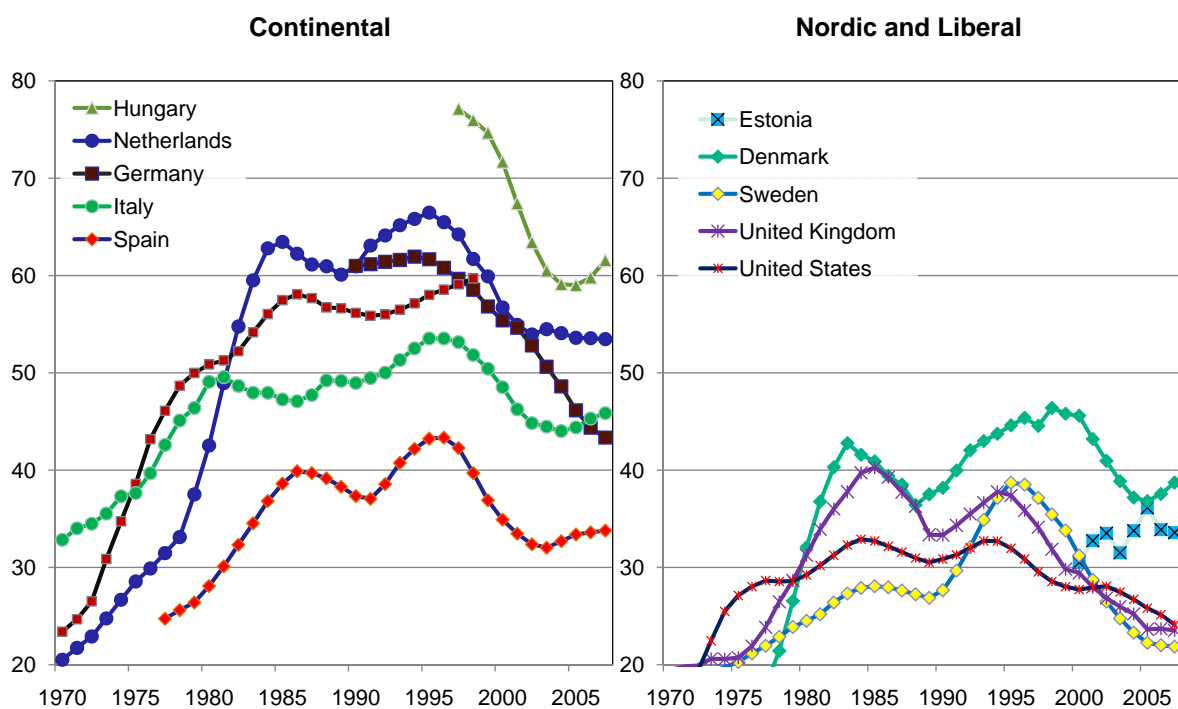
Question 2: Why is **policy reversal** difficult?
(Path dependency)

2. Early Exit Factors: Welfare “Pull” and Economic “Push”



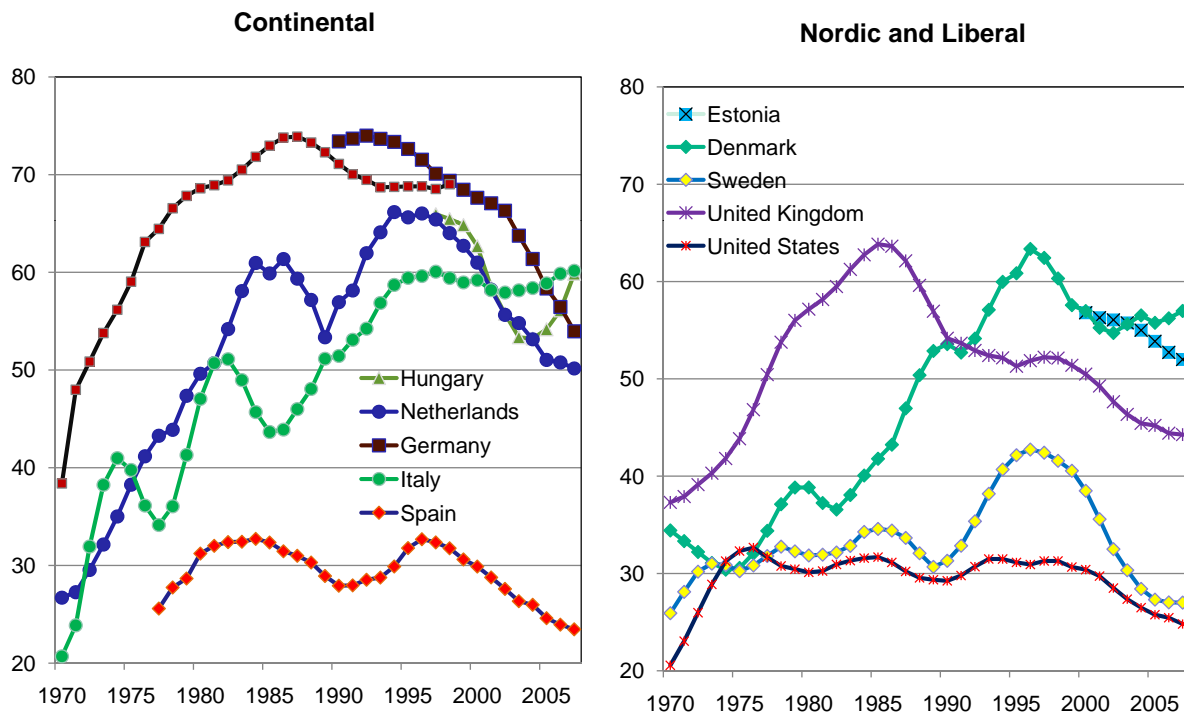
B. Ebbinghaus: *Reforming Early Retirement in Europe, Japan and the USA*, Oxford: Oxford University Press, 2006.

3a. Exit Rate: Men Aged 60-64 (cohort adjusted, 5-year-average)



Bernhard Ebbinghaus: *Reforming Early Retirement in Europe, Japan and the USA*, Oxford University Press, 2006; pbk. 2008; and updates from OECD and Eurostat.

3b. Exit Rate: Women 60-64 (cohort adjusted, 5-year-average)



Bernhard Ebbinghaus: *Reforming Early Retirement in Europe, Japan and the USA*, Oxford University Press, 2006; pbk. 2008; and updates from OECD and Eurostat.

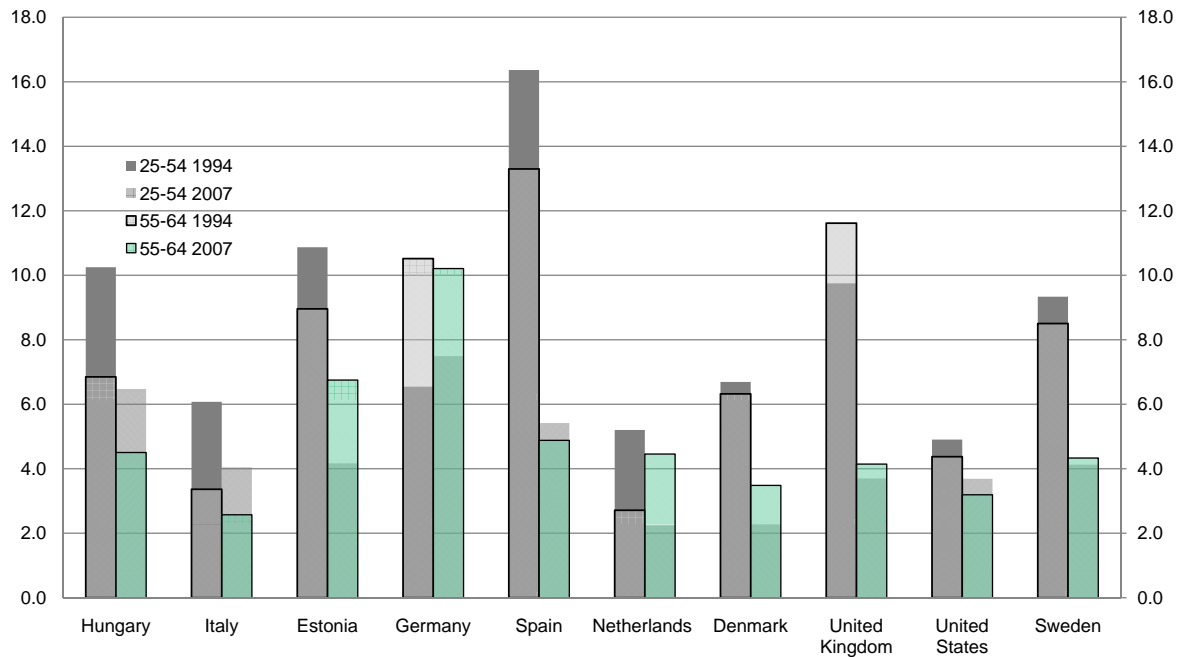
4. Push: Employment Tenure of Men / Women aged 55-64

55-64	Average tenure (years)		% over 10 years		% 5-10 years		% -5 years		
	2000	2007	2000	2007	2007	2000	2007	2000	2007
Men									
Italy	21.66	22.59	78.5	76.2	7.3	10.1	14.1	13.7	
Germany	21.57	22.20	74.1	74.3	12.0	10.8	13.9	14.9	
Sweden	21.30	19.84	76.1	64.9	9.8	14.7	14.1	20.3	
Netherlands	21.19	22.74	74.8	75.2	10.1	14.4	15.1	10.4	
Spain	20.88	21.61	73.3	70.8	8.0	10.9	18.7	18.3	
Denmark	17.29	16.10	61.4	56.7	14.0	15.0	24.6	28.3	
Hungary	17.17	15.88	57.4	57.2	20.3	20.6	22.3	22.2	
UK	14.38	14.41	53.5	49.9	17.6	20.1	28.9	29.9	
55-64									
Women									
Italy	21.69	22.49	83.2	77.3	7.5	10.3	9.4	12.5	
Sweden	19.51	20.80	78.8	71.7	10.9	14.0	10.3	14.2	
Spain	16.82	18.81	64.6	63.8	12.8	14.8	22.6	21.4	
Germany	16.62	18.24	63.0	68.8	18.1	15.4	18.9	15.8	
Denmark	15.73	16.34	62.4	60.2	13.8	16.1	23.8	23.7	
Netherlands	15.66	16.77	67.7	67.2	15.0	22.4	17.3	10.4	
Hungary	15.22	17.24	54.4	63.0	26.5	20.1	19.1	16.8	
UK	12.63	13.54	56.0	53.1	18.0	22.4	26.0	24.5	

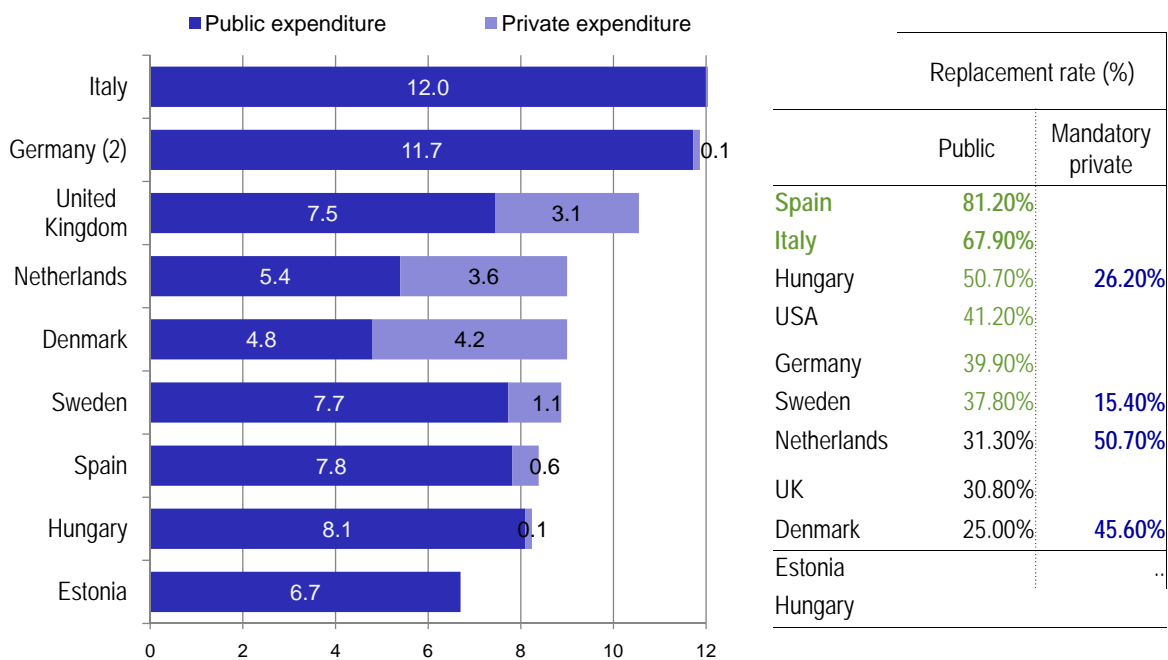
OECD: own calculations; dependent employed only.

5. Unemployment pathway

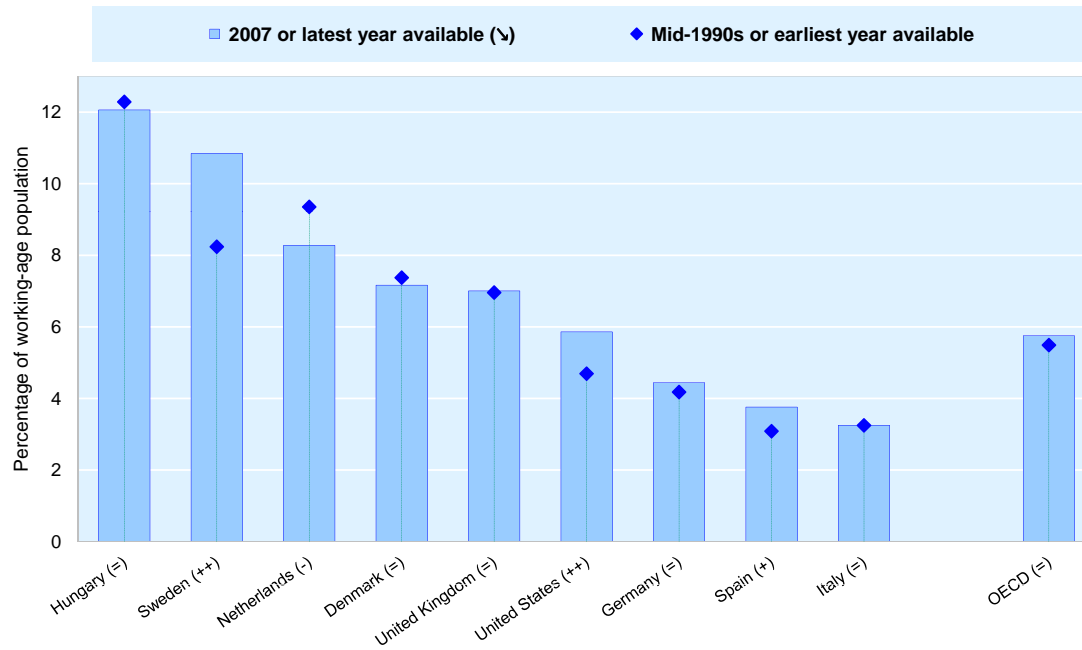
Unemployment rate, men aged 55-64 and 25-54



6. Public and Private Pension Expenditure (%GDP) (OECD 2007)



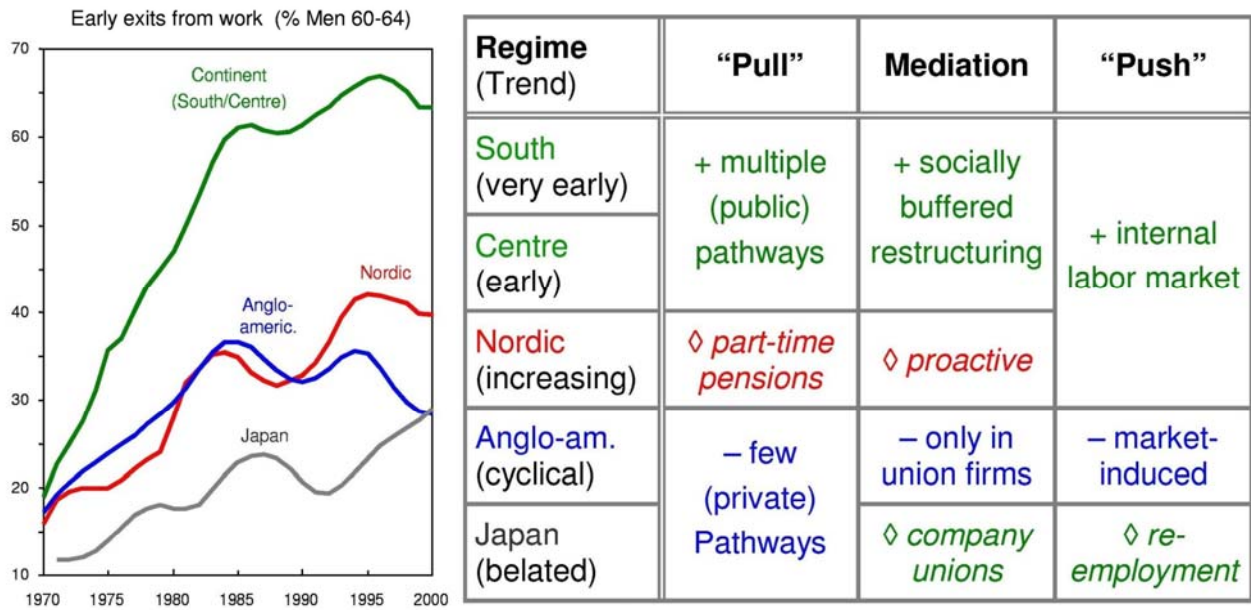
7. Disability pathway: recipient rate (%) aged 20-64 (OECD 2009)



8. Welfare and exit regimes

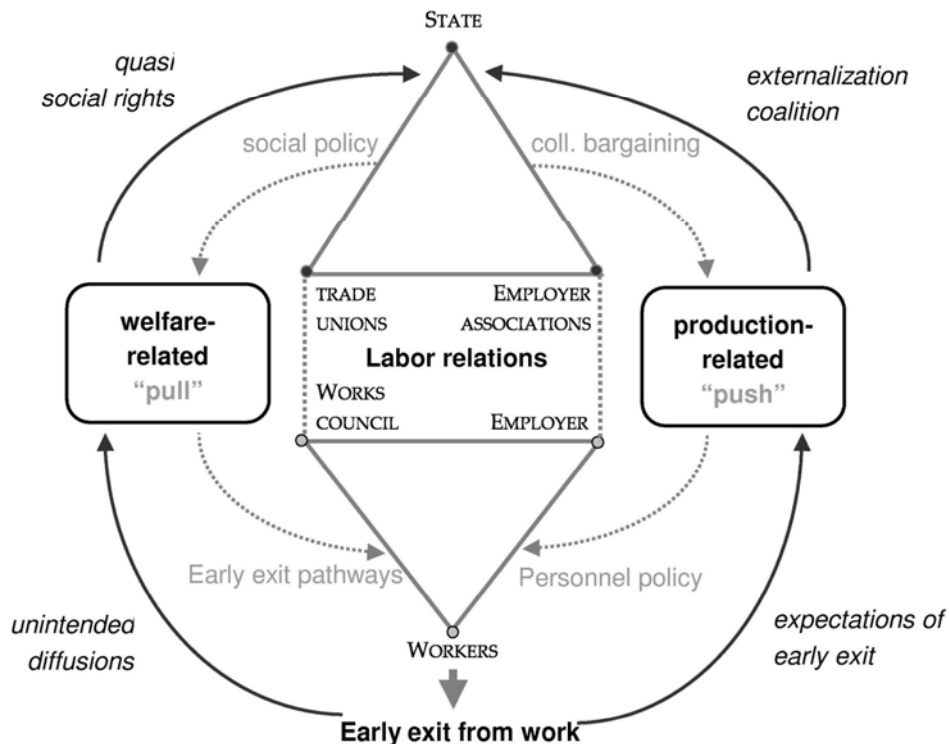
	Exit (M/W)	Regime	Public pensions	Disability pensions	Unemployment	Special exit schemes	Firm-based OP/PP
Sweden	Low	Social-Dem.	Basic 65 -> Flexi	**(*)	-1990s		(DB->DC)
Denmark	Low/Medium	Social-Dem.	Basic 67->65	**	Bridge	Efterlön	(DC)
USA	Low	Liberal	65; Flexible 62+	*	*		** (DB->DC)
UK	Low /Medium	Liberal	Basic 65; W: 60!	**	(*)*	(1980s)	** (DB->DC)
Germany	High	Conservative	63/60+ ->Flexi	*	Bridge	Parttime	*
Netherlands	High	Conservative	Basic 65	**(*)	(1980s)	VUT	OP **
Italy	High&Early	Southern	M60/W55->	(1980s)	(*)	Baby pensions	
Spain	Low	Southern	65; Flexible	*	(*)*		*
Hungary	High&Early	Post.-Soc.	60/55->62	***	**		
Estonia	Low /Medium	Post-Soc.	60/55->63; 60+ flex.	(*)*	(*)*	(late 1990s)	(1998- DC)

9. Cross-National Comparison of Early Exit Patterns



B. Ebbinghaus: *Reforming Early Retirement in Europe, Japan and the USA*, Oxford: Oxford University Press, 2006.

10. Difficult Policy Reversal: Path Dependency



B. Ebbinghaus: *Reforming Early Retirement in Europe, Japan and the USA*, Oxford: Oxford University Press, 2006.

11. Reversing Employment rates (men)

55-59	1985	1990	1995	2000	2005	2008
Denmark	77.7	81.6	77.2	79.7	81.6	84.3
Sweden			78.5	80.6	81.9	83.3
Netherlands	64.4	64.0	57.7	69.2	74.9	81.6
Germany	73.3	74.0	64.4	66.1	71.5	76.7
UK	74.8	74.9	66.2	70.8	75.5	76.6
USA	76.1	76.8	74.6	75.3	75.0	75.3
Estonia				66.8	68.4	74.6
Spain		69.4	61.3	68.4	71.3	73.3
Italy	68.4	66.4	56.0	50.8	55.5	60.3
Hungary				50.2	56.6	55.1

60-64	1985	1990	1995	2000	2005	2008
Sweden			50.9	49.0	60.7	64.0
UK	49.8	49.4	45.1	47.3	53.9	57.9
USA	53.2	53.6	51.3	53.3	56.2	57.3
Estonia				35.6	49.8	51.9
Spain		43.2	35.6	39.4	46.2	47.3
Denmark	45.5	48.8	47.5	37.8	46.3	44.7
Netherlands	28.8	22.4	19.8	26.2	32.3	44.5
Germany	32.1	32.9	26.7	27.2	35.9	43.3
Italy	37.5	34.5	29.6	29.4	27.6	29.1
Hungary				10.8	20.9	16.8

OECD Labour Force Statistics 2009, own calculations.

12. Main Findings and Implications

1 Cross-national **variations** in **exit patterns**:

- Early exit pathways serve as **institutional complementarities** to solve production problems
- **Welfare states** can provide “politics *for* markets”
- **Social partners mediate** between economic push and welfare pull

2 **Path dependence** as reform problem:

- **Unintended consequences** through social diffusion and expectation trap
- **Policy reversal** difficult due to status quo defense and externalization coalition