

# The Impact of Institutional Legacies on Active Ageing Policies: Norway and UK as Contrasting Cases

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# Foreword

This publication comes out from the EC Fifth Framework Program financed project on: «Overcoming the Barriers and Seizing the Opportunities for Active Ageing Policies in Europe». The paper was presented at the inaugural ESPAnet conference, «Changing European Societies – The Role for Social Policy», (session on «The promise of Active Ageing for European Social Policy») Organised by the Danish National Institute of Social Research, Copenhagen, 13–15 November 2003.

# Summary

Increasingly international organisations, national governments and social actors all over the Western world have embraced the concept of «active ageing». The associated policy packages are seen as better ways to address the demographic ageing challenge than relying on either conventional welfare state institutions or market incentives and by this opening up for a much broader or holistic policy agenda. Given the positive connotations and seemingly uncontested nature of this concept there is all the more reason to be alert for social scientists.

The empirical focus is on the Norwegian case, but we contrast this against the British case. The Norwegian case is interesting because its long and strong tradition of full employment policy. Hence 'active' economic participation has been a precondition for broad based and fairly generous welfare arrangements and the broad tax base on which this rest. In addition, policy making in Norway has been labelled democratic corporatism, and we are in Wilensky's terminology, dealing with a consensus-making machine (Wilensky 2002). The UK represents a different welfare state regime and type of political economy. Thus a central topic of our paper will be how these different institutional legacies of the two countries impact their respective paths taken toward active ageing policies.

Active ageing concerns a broad spectrum of human activities and public policies. In this paper however the main focus will be on labour market policies. Within the Norwegian case the labour market is the core agenda where policy formulation is taking place together with pension policy.

The paper is structured as follows: First we map the demographic and social challenges within the Norwegian context and briefly compare these with that of the UK. In the second section we formulate a framework for analysing active ageing policies. In this section we also include a critical account of the Active Ageing concept, and show how the diverse application invoked by different international organisations gives different normative implications. Then we present an empirical description of active ageing policies in Norway with focus on labour market policy, and contrast this against UK policies. Our intention is firstly to demonstrate that different types of welfare states and political economies will adhere and promote different conceptualisations and policies of active aging. Secondly we critically will explore which normative implications each countries conceptualisations and policies is reflecting.

# Samandrag

I aukande grad har internasjonale organisasjonar, nasjonale regjeringar og sosiale aktørar i den vestlege verda omfamna omgrepet 'aktiv aldring' (active ageing). Dei tilhøyrande politikk pakkane vert sett som betre måtar å adressere den demografiske aldringsutfordringa enn både konvensjonelle velferdsstatlege institusjonar og marknadsincentiv. På denne måten kan aktiv aldring seiast å opne opp for ein breiare eller meir holistisk politisk dagsorden. Gitt desse positive konnotasjonane og den tilsynelatande ikkje-omstridde naturen til dette omgrepet, så er det all grunn for samfunnsforskarar til å vere på vakt og stille seg kritisk, noko vi vil gjere i dette paperet.

Det empiriske fokuset vil vere på norske tilhøve, men vi kontrasterer dette med den britiske situasjonen. Noreg er av interesse fordi vi her har hatt ein lang og sterk tradisjon for full sysselsetjing. Med andre ord 'aktiv' økonomisk deltaking har vore ein føresetnad for breie inkluderande/universelle og rimeleg sjenerøse velferdsordningar og det breie skattegrunnlaget desse kviler på. I tillegg er politikktutforminga i Noreg karakterisert ved demokratisk korporativisme og i Wilensky sin terminologi, har vi å gjere med ei konsensus-dannande maskin (Wilensky 2002). Storbritannia representerer både eit anna velferdsregime og ein annan type politisk økonomi. Eit hovudmål for dette arbeidet er å syne korleis desse ulike institusjonelle arvane til dei to landa gjev føringar på utforminga av aktiv aldringspolitikk i dei to landa. Den andre intensjonen er å syne korleis ulik forståing av omgrepet aktiv aldring og ulik politikktutforming har viktige normative implikasjonar i høve til forståing av og konsekvensar for til dømes individuell valfridom og rettferd.



# Introduction

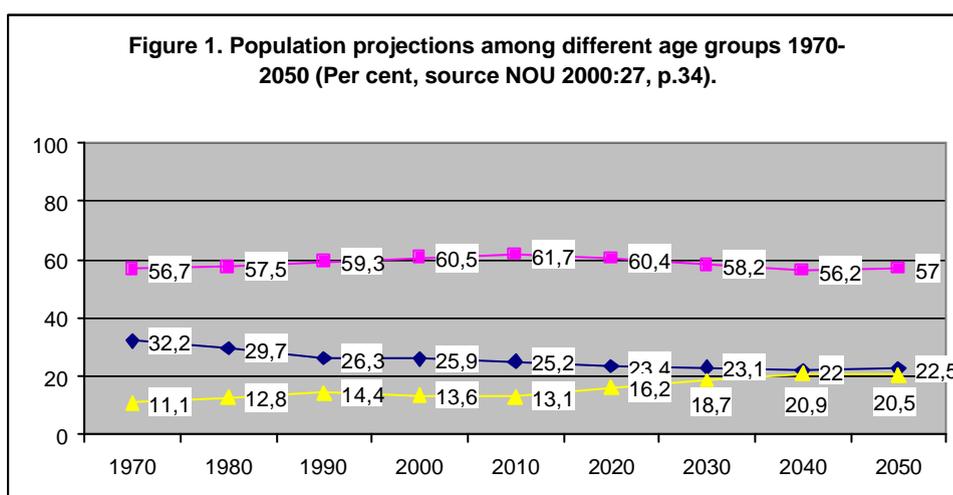
Ageing populations are supposed to represent a new challenge to policy makers throughout the world. Active, as opposed to passive, ageing seems to be an important part of the policy packages presented by international organisations, national governments and social actors to meet the challenge. These policy packages are seen as better ways to address the demographic ageing challenge than relying on either conventional welfare state institutions or market incentives. Hence, we are dealing with a much broader or holistic policy agenda. Given the positive connotations and seemingly uncontested nature of this concept there is all the more reason to be alert for social scientists. Accordingly, we take a critical look at the concept of active ageing and the promises of 'active ageing' policies and ask why governments act differently on these more or less common challenges. The empirical focus is on the Norwegian case, but we contrast this against the British case. That is, there will be more detailed knowledge presented on the Norwegian case and our presentation of UK is at present of a more embryonic form. Thus the exposition here should be viewed as a first step towards a more complete comparative account of the two countries at a future stage.

Norway is interesting because, as one of the countries belonging to the Nordic model, there have been a strong emphasise on full employment. Hence 'active' economic participation has been a precondition for broad based and fairly generous welfare arrangements and the broad tax base on which this rest. Although active ageing concerns a broad spectrum of human activities and public policies, our focus is on labour market policies. In Norway the labour market, and pension policy, is the core agenda where policy formulation is taking place.

The paper is structured as follows: First we map the demographic and social challenges within the Norwegian context and briefly compare these with that of the UK. In the second section we formulate a framework for analysing active ageing policies. In this section we also include a critical account of the Active Ageing concept, and show how the diverse application invoked by different international organisations gives different normative implications. Then we present an empirical description of active ageing policies in Norway with focus on labour market policy, and contrast this against UK policies. Our intention is firstly to demonstrate that different types of welfare states and political economies will adhere and promote different conceptualisations and policies of active aging. Secondly we critically will explore which normative implications each countries conceptualisations and policies is reflecting.

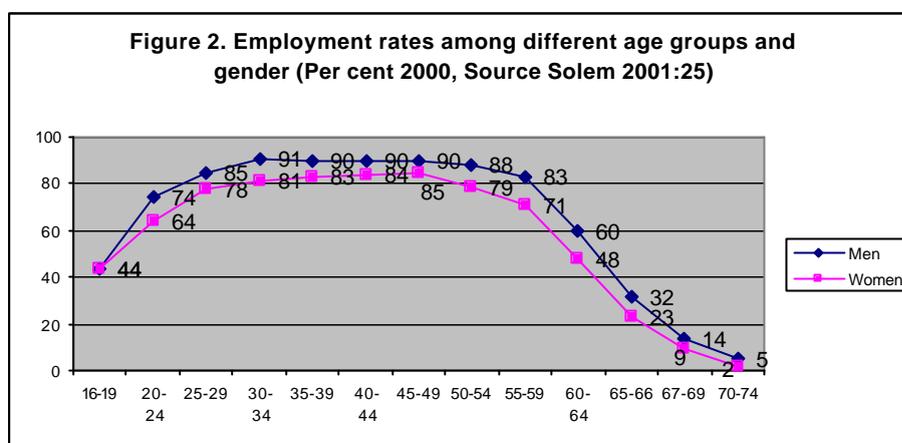
## The problem definition: demographic challenges in Norway and the UK

According to standard definitions population aging refers to a decline in the proportion of children and young people and an increase in the proportion of people age 60 and over. In Norway, life expectancy at birth was 71 years for men and 76 years for women in 1960. By 2030 this is projected to grow to 79 and 85 years respectively (OECD 2000: 191). The critical numbers is found in figure 1. The percentage of the population aged 67 and over is projected to grow from 11 per cent in 1970 to about 19 per cent in 2020. The increase for people aged 80 and over, however, is much sharper, from nearly 2% in 1960 to 6.5 per cent in 2030 (OECD 2000). Currently, there are about 3.5 employees for every old person by 2030 the number will be less than 2.5 employees (if the trends continue). Overall the dependency rate for Norway is somewhat lower than the OECD average (Ibid).



However, even if the Norwegian population is 'greying', labour market participation is high. In figure 2 we have broken down employment rates on gender and age, and the figures presented are well above OECD average (OECD 2000). In 2000 it was 77,8 per cent, and 60 per cent or more of the people aged 55–64 that participated in the labour force. Especially, the figures for women and elderly workers are high in Norway compared to most other countries. The explanation is twofold; first of all Norway, and the other Nordic countries, have, as mentioned, a long tradition of full employment policy. The old slogan of the Labour Party *'Hele folket i arbeidet'* (The whole people in work) is more a reality today than 40 years ago, particularly due to the mobilisation of women into the labour market. Here the growth of welfare state service production has absorbed a substantial part of women entrance into the labour market. Secondly,

employment legislation has, at least until now, worked in favour of old employees. In times of economic downturn when enterprises are forced to reduce staff, the principle 'last-in-first-out' usually holds.



This seems to favour older employees since they generally have been employed longer and thus are permitted to stay on. That said considerable changes are occurring in the nature of work and work exit also in Norway. Labour force participation has increased significantly the last decades. From 1972 to 2000 the overall participation rate has increased from 61 percent to 73 percent. For older workers, i.e. persons aged 50–74; the participation rate has increased from 45 percent in 1989 to 54 percent in 2000 (AAD 2003). However, for those aged 62 to 66 the participation rate has declined from 44 percent in 1989 to 39 percent in 2000. The expected age of retirement for those aged 60 and over was reduced with 9 ½ months, to 65 years, from 1995 to 2001. Of this, 8 ½ months is attributed to the early retirement scheme AFP. According to the Ministry of Labour the growth rate of the inflow of younger persons to the labour force is negative, and the number of persons in the age groups above 50 years will increase in the coming five-year period (AAD 2001). Young people under the age of 25 have increased their participation in educations as their main activity.

Although the state pension age in Norway is amongst the highest in Europe at 67, both for females and males, the average age of exit from the labour market is decreasing. Norwegians leave the labour force earlier, and enter later, and as a result the amount of time spent in employment declines. In the period from 1950–95 the average retirement age declined with 3.3 years, to 63,8 years for men, and with 8,8 for women to 62 (Dahl 2000). The inflow to disability pensions schemes, early retirement arrangements and absence due to sickness has increased throughout the second half of the 1990s. In 2000, the inflow to disability pensions was about 30 000 persons and 11 000 persons chose early retirement. At the end of 2000, 30 000 persons (1,3 per cent of the labour force) were on early retirement schemes, and 280 000 (12,1 per cent of the labour force) were on disability benefit (AAD 2001). To sum up, a tight labour market combined with a labour force that grows slower than previously, means that the challenge presented by the government is the shortage of labour in several sectors of the economy. Needless to say, the future looks bright for all workers, including the elderly.

One important gain from Norwegian full employment policy is that more people have been able to save towards their retirement. Overall, the economic position of the elderly in Norway has been improved and stabilised in the post war period (OECD 2000). Poverty studies show that there is a high degree of social heterogeneity when it comes to the distribution of poverty in Norway (Fløtten 2003). The proportion of poor is highest for households below 45 years and lowest for those over 65. Tellingly, the poverty rate is highest among households with a weak link to the labour market and without rights to the public pension scheme. Although the poverty rate as such has not changed in the 1979–2000 period, the demographic composition of the poor has (Andersen et.al 2003). The most striking finding is the sharp reduction in the poverty rate among the elderly (Ibid). Today many elderly enter old age as homeowners, and a majority have money in the bank and no debt. According to the Public Employment Service employees aged 50–59 years are also less vulnerable to unemployment compared to most other groups except employees in the 40s (AAD 2003). Again, the general policy to prevent poverty is to integrate and keep people in employment.

The preceding outlines clearly a problem formulation of active aging in direction of lack of labour supply and future financial burdens. There seems to exist a disparity between the authorities' intentions of maintaining older people in work in a tight labour market and the individual labour market behaviour. For the authorities the key question seems to be: In a situation when the labour market looks bright for the elderly, why don't they make use of it?

How does the Norwegian situation in terms of challenges compare to that of the UK? The table below gives a short comparative glimpse of some important dimensions of the active ageing challenge in the two countries:

**Table 1:** *Challenges of active ageing: Norway and UK compared.*

Challenge	Indicator	Year	N	UK	(N-UK)
Ageing population	Old age dependency ratio (over 60 / 20-60)* 100:	2000	50	55	-5
		2050	85	95	-10
Intensity of ageing	(Pop> 80/pop >60)* 100	2000	16	19.5	-3.5
		2050	26.5	29.5	-3.0
Declining labour market participation rates	LMPR: 55-59 years	1999	77	62	+15
	60-64 years	1999	55	36	+19
Employment	Share of total population that is employed	2000	53%	46%	+7.0
		2030	53%	43%	+10.0
Unemployment	In per cent of labour force	1992	6.5	9.7	-3.2
		2002	3.9	5.1	-1.2
Weakly labour market participation	Actual weekly working hours 16-64: Population and all employed	Pop.	30	26.4	+3.6
		Empl.	37.4	38.5	-1.1
Inequality	Disposable net income inequality: Gini index households	1991	0.25	0.35	-0.10
	Old age pensioners household disposable income Gini index:	1986	0.201	0.225	-0.024
	Wage inequality: D9/D1	1990	1.9	3.3	
Poverty	Overall absolute poverty rate	1990	2%	18%	-16
	Old age poverty rate	2000	2.2%*	11%**	

Sources: Old age dependency ratio; Norwegian statistics. Intensity of ageing Piekola 2003 share of total population that is employed OECD 2000. Old age pensioners disposable household income, Gini index: West Pedersen (1999), Absolute Poverty rates and Wage inequality: Barth, Moene and Wallerstein 2003. Disposable net income inequality, Gini Index: Ervik (2000)

Old age poverty rates:

\* Single persons above 65 years. For couples above 65 years poverty rate is 0.6% Andersen, Epland and Aaberge (2003).

\*\* Figures for 1995, OECD 2000.

As the table indicates the present situation as well as future possible developments represents stronger challenges in the UK case as compared to Norway. Demographic ageing in the UK is somewhat more severe than in Norway in terms of old age

dependency ratios and the intensity of ageing. Norway has overall higher labour market participation rates both now and in the future than the UK, relatively more people are integrated to the labour market and unemployment rates are lower. In terms of inequality both wage inequality and disposable net income are substantially higher in UK as compared to Norway. Also absolute/general poverty rates are higher in the UK than in Norway as well as old age poverty rates.

The next section provides a preliminary framework for explaining national active aging policies and their implications. In addition the concept of active ageing is critically examined from a normative point of view.

# Explaining active ageing policies

The central topic is how institutional legacies impact the path taken in active ageing policies. Two questions are raised: How do governments act, and why do they act differently to meet the challenges faced by ageing populations? What are the normative implications of the paths taken?

In order to answer the first question we draw on insights from institutional approaches; corporatism, welfare regimes and varieties of capitalism. We explore the usefulness of these perspectives in understanding differences both in the way active ageing is defined and how active ageing policies as such are introduced in the labour market. The message is that active ageing policies (and definitions) have to be viewed both in light of the nature of the political system, and the type of welfare state regime. For the second question we explore and compare different definitions of active aging as these are put forward by some international organisations.

## **Types of political economy, welfare state and market economy.**

According to Wilensky (2002, chapter 2) what we need to look for in order to explain policies and outcomes is types of political economies. Accordingly we need to capture the variations in the structure and interplay of government, labour, professions, employer and trade associations.<sup>1</sup>

Policy making within a Norwegian context is labelled democratic corporatism. Such a political system is characterised by: a) formal channels for bargaining and a structure for consensus, b) a blurring of old distinctions between the public and the private, c) trade-offs among bargaining parties on a wide range of national issues, and d) that social policy is absorbed into general economic policy, i.e. solutions to social policy problems are solved within the national bargaining system itself. Norway is a highly centralised political system, the parliament (*Storting*) has the supreme law-making power, party discipline is strong, and government bills is rarely changed by the standing committees in parliament. The prevailing decision-making mode in Norway is one of consensus-building, broad participation, pragmatism and incrementalism. Major changes in public

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<sup>1</sup> Wilensky applies his types of political economy to explain differences between rich democracies. He distinguishes three types of national bargaining arrangements among major interest groups and government, Democratic corporatism, corporatism-without-labour and «least corporatist», least consensual democracies that are most fragmented and decentralized. He then uses these types of political economy to explain differences in public policy, taxes, spending and system outputs of various sorts (Wilensky 2002, p.83). There are four variables that are conducive to the development of Democratic Corporatism, Leftism, Catholicism Proportional representation and Trade Dependence. Democratic corporatism leads to policies of high social spending, high taxes by least visible means, high capital investment, active labour market policy, expansive innovative family policies and outputs in form of medium to excellent economic performance, most egalitarian income distribution and good health performance (confer fig 2.1. *ibid.* p. 84 for more details).

policy are normally implemented in co-operation with employer and employee organisations and other affected interests. The reform style is that of compromise. Wages and work life conditions are settled within the framework of this tripartite co-operation<sup>2</sup>. Accordingly, important parts of Norwegian Active Ageing policies are being decided within a highly formal decision making framework.

The social contract emphasises the historical deal between the state and the main sector interests, especially the traditional class co-operation between employers and workers. Issues concerning regulations to achieve a balanced working life and the protection of workers rights and safety are generally tackled in two ways; a) through the well developed permanent contact network between the government and the major labour market organisations, and b) through the appointment of single issue oriented committees and commissions. In the first case the Contact Committee (*Kontaktutvalget*) is the most important body of co-operation. Here the Government and the main labour market organisations exchange views on the current economic situation and bring up issues they consider important to discuss. The overall approach to policy making then is extremely consensual.

The UK represents a wholly different kind of political economy, and is definitely not a corporatist system. There is a general lack of integration of both unions and management into the policymaking process, and both sides seems to favour more confrontational methods of settling differences (Lijphart 1999:17). In addition UK belongs to the Westminster model of electoral representation based on majority vote within single constituencies. Tellingly, strong government make radical shifts in policy more likely in the UK case, than in the Norwegian case. In this perspective the UK government have stronger discretion in formulation of Active ageing policies and making decisions that conflicts with other social actors. Thus active ageing seen as a basic paradigmatic shift could have greater chance of success in this case because of fewer veto points. However, to the extent active ageing is dependent on cooperation and broad consensus between capital and work for implementation, lack of corporatist bargaining institutions makes this more difficult within this type of political economy. In short, different types of political economy will facilitate different kinds of active ageing policies.

Norway and the UK represent distinct types of welfare. Applying Esping-Andersen's (1990) distinction the Norwegian welfare state is classified as representative of a social democratic welfare regime. It is characterised by a large degree of universal citizenship based social insurance provision, a strong degree of redistribution and

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<sup>2</sup> However local governments provide most of the core welfare services like education, health care and social services. In the latter case decision-making processes also include policy actors at local level. Despite a highly centralised political system, local government represent a long-standing tradition of local democracy and self-rule. Municipal authorities are formally independent institutions governed by democratic elected councils who provide basic health care services. Currently, the local level comprises two levels of democratic governance, including 434 municipalities and 19 counties. The average size of the Norwegian municipality is about 9 000 inhabitants, but half of all municipalities have less than 5 000 inhabitants. Hence, local authorities are an integral part of the welfare state.

important in this case having a larger share of public employment than UK<sup>3</sup>. Thus for 1995 government employment in Scandinavia was 29.4% of total employment whereas for UK it was 14.4%, i.e. lower than that of the Southern European countries (Kuhnle and Alestalo 2000, Table 1.2, p. 4). Public welfare service production has become the major female employment sector. Policies of generous parental leave arrangements for working mothers and provision of child care institutions have improved possibilities for combining work and motherhood. Public employment opportunities also serve the aim of full employment and explain high rates of female labour market participation. Active labour market policies have also been a historical cornerstone of the welfare state especially in Norway and Sweden. Thus for the mid 1990s 'active policy measures' share of total labour market expenditure for Norway was close to 45% and in the UK slightly above 25% (Carrol 2001)<sup>4</sup>. The UK welfare state is portrayed as liberal or residual (apart from the NHS) wherein more responsibility is devoted to the individual and the market, the state plays a residual role in providing welfare. As revealed in table one both wage inequality and disposable net income inequality is substantially higher in UK as compared to Norway. Central in explaining these differences is of course type of welfare state and type of market economy organisation. The Norwegian welfare state is characterised as being more generous than the British one in terms of replacement rates of public income maintenance schemes, unemployment and employment protection and public welfare service provision. Clearly differences in generosity of for instance income protection schemes is important when discussing the real opportunities for autonomy and individual choice, as these are values strongly promoted within the active ageing paradigm.

As regards the NHS, all health care is free at the point of use. And according to Mayhew (2003) despite its imperfections the system and its principles are highly regarded and very difficult to change except at the margins. It is of central importance to older persons in greater needs of these care services. Given the residual character of the UK welfare state apart from the importance of NHS we should expect a focus of state policy towards health issue since this a field dominated by public authorities. Indeed Mayhew (2003) mention the health aspect as a key concern for the active ageing issue in UK. Another important area where health is central is the workplace and how employers deal with this issue in terms of recruitment, retention and personal policies (Mayhew 2003, p.21). This points to the importance of firms and the role they might play in Active Ageing policies. It is here that the variety of capitalism approach is relevant for understanding possible variations in active ageing policies.

Variety of capitalism represents an actor centred institutional approach emphasising a relational view of the firm (Hall and Soskice 2001). The central distinction is between Liberal market economies LME's where the UK and US belongs and coordinated market economies CME countries where Germany and the continental European

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<sup>3</sup> Thus in terms of redistributive efforts, whereas in the Norwegian case taxes and transfers reduce income inequality from market income to disposable income by % 40.1% (1991) the figure for UK is 25.4% (Ervik 2000).

<sup>4</sup> Active labour market policy expenditure as a share of GDP was slightly above 1.1% for Norway and close to 0.6 % for UK (op.cit. fig 7). However these figures are not total labour market spending, i.e. including so-called passive benefits.

countries belong as well as the Nordic countries. A central tenet of the varieties of capitalism approach bears relevance to the issue of workplace policies as pointed out by Mayhew above:

«We would argue that British firms must sustain their profitability because the structure of financial markets in a liberal market economy links the firm's access to capital and ability to resist takeover to its current profitability; and they can sustain the loss of market share because fluid labour markets allow them to lay off workers readily. By contrast, German firms can sustain a decline in returns because the financial system of a coordinated market economy provides firms with access to capital independent of current profitability; and they attempt to retain market share because the labour institutions in such an economy militate in favour of long-term employment strategies and render layoffs difficult» (Hall and Soskice 2001, p. 16).

To the extent this gives a fair general view of some of the differences in firm policies we should expect that British firms would hesitate investing resources in active ageing policies including preventive health measures and quality of work place investment. We would also add that the clash of logics between LME and the essential short time horizon embedded in that way of thinking is especially clear when contrasted with active ageing seen in a life course perspective. Here active ageing in terms of investments in work place health and general work place quality, seen as an institutional complement fits better with the longer time perspective of firms placed within the nexus of CME countries. Thus we should expect a stronger focus on working life in countries such as Norway, Austria and Finland as compared to the UK and the US. As will be showed in the Norwegian Active Ageing case, the emphasise on labour market through 'inclusive working life' and the 'benefits to work line' seem to be in line with what we should expect reasoning from both the macro characteristics of differences in types of political economy, welfare state regimes and the highly different relational characteristics of firms within the two broad types of capitalist market economy coordination.

## **A critical view on active ageing**

In addition to the institutional level we assume that conceptualisations of active aging reflected in the formulation and implementation of policies are of importance. We have to ask why active aging is presented as a «new» and promising concept representing a welcomed change of paradigm? What is the meaning of the concept and what are the real intentions behind the increasing focus on active aging? What does active aging mean with respect to the established rights and welfare? A step in that direction is to take a normative look at the concept.

Who would prefer passive ageing? The positive connotations of active as contrasted to passive intuitively should command a great deal of support from most people. In this respect the concept resembles the rising popularity of the 'sustainability' concept that over time has been extended to ever-new areas, from ecological sustainability to the sustainability of pension systems. Again we might ask who would welcome or prefer unsustainable futures in terms of the environment or their social security systems? Thus there is a real danger that the more these concepts come into use the more they are devalued in terms of content. It is when we go underneath the surface of these labels

and look at different social actors definitions and framings of the conceptual substance that the conflicts and contestation, i.e. the politics of the concept and adhering policies appear. Before entering the definitions put forward by some international organisations, we should notice the importance of such new concepts in terms of their role as implicit and sometimes explicit critique and judgements of previous policy approaches and institutional solutions. In this respect their role as «discursive triggers» (Ervik 2000) should be valued enabling us to take a critical look at past practices that may not be up to date with the demands of the time. On the other hand in the process of advertising the «newishness» of the new approaches there is always the danger of letting the baby out with the bathwater, i.e. removing or disabling past policies that still would be viable.

Active ageing has become a new catchword on a global scale. International organisations such as the UN, OECD and the EU have all been promoting the virtues of active ageing. How do they present their understanding of the content of active ageing? Let us look at them in turn, starting with the OECD:

«Active Ageing refers to the capacity of people, as they grow older, to lead productive lives in society and the economy. This means that people can make flexible choices in the way they spend time over life – learning, working, and partaking in leisure activities and giving care». (OECD 2000:126)

The main concern for the OECD is on the capacity of people to be productive and how to keep or enhance this capacity, as they grow older. In their report they argue specifically for narrowing the focus, legitimated by the need for manageable international monitoring and sharing of experiences, towards the changing institution of retirement itself (Op.cit. p. 127). This would include financing and duration of retirement, the work-retirement transition as well as the health, social and economic well being of people of traditional retirement ages and their contribution to economy and society. By narrowing the centre of attention to retirement and people of that age, the relevance of preventive measures as stressed by the OECD is severely reduced, as that would require a focus of the whole life course perspective. The OECD also sees active ageing as a way of shaping a better balance in the life time costs and benefits of programming to provide less constrained choices and greater responsibility at the level of individuals – such as greater linkage of lifetime contributions and benefits. In this way more responsibility is put on individuals assuming that they all are in the position of making autonomous individual choices.

In sum then the OECD has a somewhat narrowed and focused conceptualisation and policy approach. Instead of a life course based approach the time perspective is narrowed down to the critical transition from work to retirement and in terms of policy fields, attention is toward labour market and pension policy, especially on the problematic of early retirement.

The World Health Organization defines Active Ageing as (WHO 2002:12):

«the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age.»

The WHO definition takes a broader view taking into account several aspects of life quality and by this avoids a narrow ‘productivist’ approach as we saw in the OECD case. It is stressed that active refers to continuing participation in social, economic,

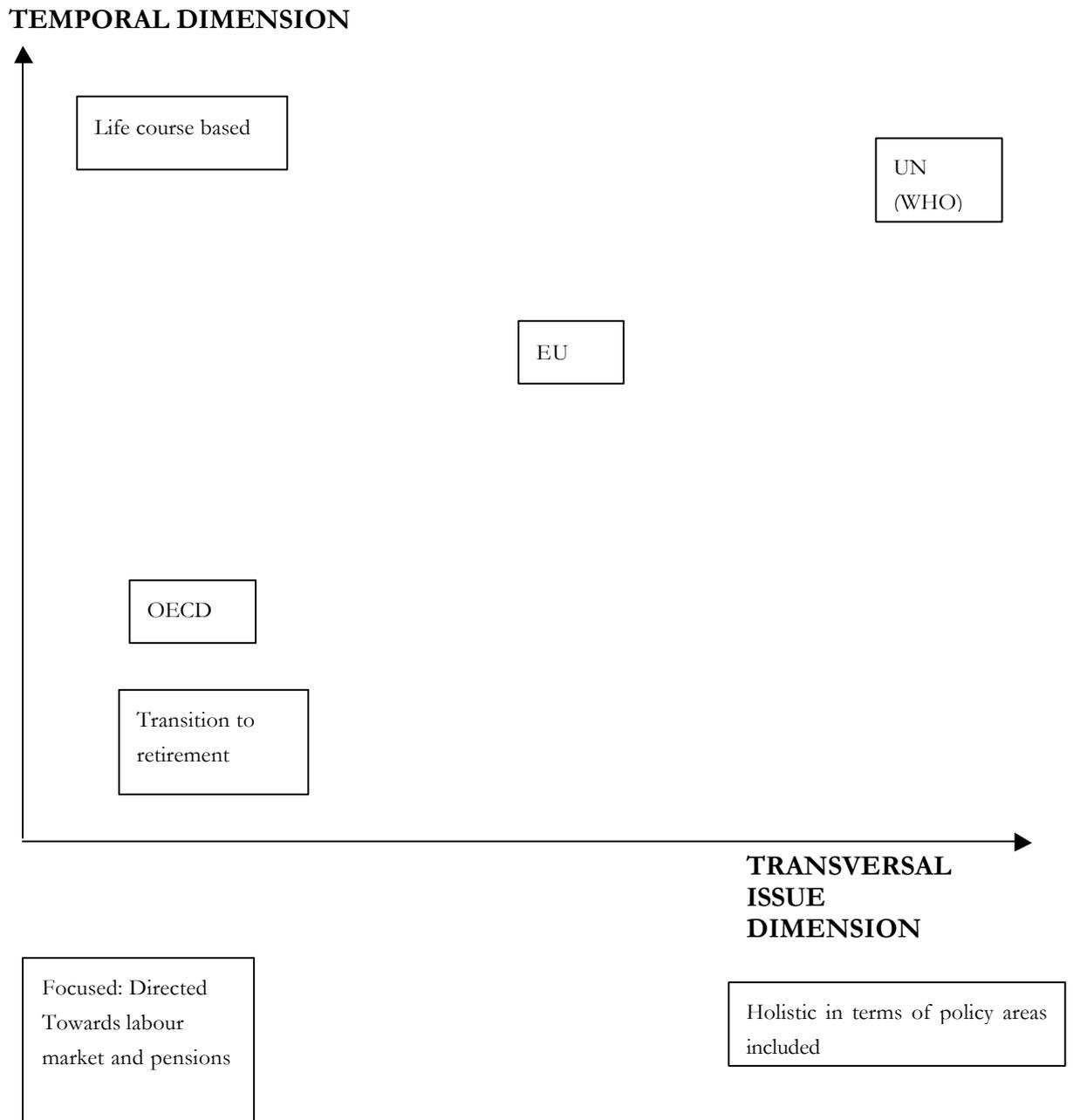
cultural, spiritual and civic affairs, not just the ability to be physically active or to participate in the labour force. It is based on the human rights of older people the UN principles of independence, participation, dignity, care and self-fulfilment. In this way it represents a rights-based approach that recognizes the rights of people to equality of opportunity in all aspects of life, as they grow older (Op.cit p.13). Another important aspect of the concept as applied by the WHO is the life course approach. This perspective opens up for seeing that older people are not a homogenous group and that individual diversity tends to increase with age. The life course perspective is also essential for focusing the role of preventive policies, i.e. how less costly measures at an earlier stage of the life course may hinder costly curative measures at a later stage.

The European Union approach to active ageing is laid out in the communication from the Commission «Towards a Europe for All Ages» (1999a). It was presented as a new paradigm in the follow up conference of this communication. In their view active ageing is:

«...a coherent strategy to make ageing well possible in ageing societies. Active ageing is about adjusting our life practices to the fact that we live longer and are more resourceful and in better health than ever before, and about seizing the opportunities offered by these improvements. In practice it means adopting healthy life styles, working longer, retiring later and being active after retirement. Promoting active ageing is about promoting opportunities for better lives, not about reducing rights. Adequate income provision and care is a part of the agenda» (Conference com. 1999b)

The EU conceptualisation is closer to the UN (WHO) definition than to the OECD approach in stressing the importance of a life course perspective. But it is also more down to earth in telling us what the shifts means in practice, than the WHO definition does.

To sum up some of the differences between these three international actors the figure below places the organisations within the space made up by two dimensions, a temporal ranging from a full life course perspective to a shorter time span made up by focusing on the transition to retirement. The other dimension catches the extent to which the understanding of active ageing encompasses a broad or holistic approach covering several policy fields or whether attention is on a few specific policy fields such as labour market and pension policy. The figure is meant as a rough heuristic device and there are of course a lot of other dimensions of definitions and policies that ought to be considered.



**Figure 3.** *Dimensions of active ageing in conceptualisations and policies of international actors*

This rough placement is also fairly in line with the distinctions made by Avramov and Maskova (2003), although they put the OECD and the European Commission closer to

each other in terms of emphasise on economic activity than we do here. They also observe a shift towards this productive approach in recent years (Op.cit. p.15)<sup>5</sup>.

What this short exercise show is the diversity in meaning and implications the active ageing concept may have. There are several aspects of each of the approaches that may be problematic and in need of critical attention from a normative perspective. Here we shall very briefly point out only a few:

- The strong emphasise on the productivity dimension leaves out other valuable aspects of life in old age that older people may want to pursue. It also excludes the non-productive and their equal rights as that of the productive to be treated with respect and dignity irrespective of their individual life plans. To single out the productivity dimension then may discriminate against other life plans and involve a stronger segmentation and exclusion of those people not fitting into the new active ageing paradigm for different reasons.
- There is a danger of paternalism both within the narrow productivist account as well as within the holistic life course orientated perspective. A strong interventionist policy at each stage of the life course of persons lurks under the banner of active ageing, securing that at each critical transition phase the individual makes the right ‘choice’ in order to optimise activity. Instead of being policies that increases people’s capabilities of making their own life plan according to their own conception of the good, we end up with policies prescribing for people what the good life is. This tension is seen clearly within the European Commission’s definition, starting out with telling us what we have to do (working longer, living healthier etc.) on the one hand and on the other hand stressing that active ageing is not about taking rights away from people.
- A version of active ageing based on the idea that it is possible for the individual to plan and live in a certain way as to avoid if not the ageing process in itself but ageing understood as dependency on others (Lerkerød 2003) increases the likelihood of holding individual responsible for their dependency. What was once seen as a collective social risk (old age dependency) is increasingly viewed as an individual risk where each person must bear more of the associated costs on their own shoulders<sup>6</sup>.
- Focusing on age and ageing as the central political category may conceal and suppress other problems of social justice such as intra-generational inequality in terms of income, wealth, gender and life year expectancy. We will argue that to

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<sup>5</sup> Clearly the differences in emphasis of these three organisations should come as no surprise as they reflect different roles and contexts of these organisations. Thus the stronger emphasis of the OECD on productive notions as compared to the UN are fairly straight forward given the former organisation’s position as an organisation for economic cooperation and development within the context of a modern market economy.

<sup>6</sup> Connected to this are a corresponding increasingly negative connotation of dependency and a praise of autonomy. This ideal of the self-sufficient individual is problematic if it fails to see that dependency is a relational concept denoting «relations among individuals and groups rather than the properties of individuals and social groups in themselves» (Jackson 1998, p.22). Interdependence is part of the understanding of humans as vulnerable beings and is a fact that has to be acknowledged in active ageing policies, i.e. there are limits to independency and autonomy for instance as a result of senescent factors, that is the gradual and general regression of the bodily functions resulting in death (Avramov and Maskova 2003, p. 7).

the extent such differences are left unattended, chances for securing a form of just active ageing is severely reduced. To illustrate this point we should consider the democratisation of pensions after the Second World War and how this affected different socio-economic groups and their gains differently. As John Myles (2002) points out the falling retirement ages disproportionately have benefited most those with shortest life expectancy, these are often also those on low incomes. A reversal reform trend, implying a proportional increase of retirement age would affect disproportionately and negatively the most those with shortest life expectancy. Similarly a focus on the need to work longer without consideration of the vast differences in terms of quality of working life (confer Gallie 2002) is also incomplete in respect of justice.

Following the liberal Kantian principle of seeing each person as an end in itself, active ageing policies and its promises should seek to secure this general principle. In order to do this active ageing policies must be sensitive to individual differences, social, economical, health, gender and cultural differences that separate groups of people subsumed under the category of old or ageing people<sup>7</sup>. Ageing is not a process that wipes out other societal processes, but one that takes place within different national contexts reflecting previous institutional choices and patterns of conflict.

In what follows we will concentrate on the labour market aspect of active ageing<sup>8</sup>. To take into account the above discussion we will show how narrow and broader conceptualisations are found also within this policy area. Especially, the comparative account will seek to shed light on this perspective outlining how different type of welfare states and political economies will more or less adhere to and promote different conceptualisations and policies of active ageing and by this invoking different understandings of just or fair active ageing.

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<sup>7</sup> Active Ageing is said to be about removing old age stereotypes and homogenisation of old people. However the possibility of replacing old stereotypes with new one is a real danger. It should be enough to take a look at the covering page of the OECD report *Reforms for an Ageing Society*, with a picture of an older man fully geared in sport equipment ready for racing on his bike («Tour de France» like?).

<sup>8</sup> For a fuller account of policy measures including pensions, health and civil society we refer to Norwegian active ageing report for WP1 of the Active Ageing project (Christensen 2003). The empirical description in the following main section is based on this work.

# Active Ageing Policies in Norway: The primacy of the benefits to work line

Increased exit from the labour market has beyond doubt caused alarm about the future supply of labour in Norway. The government defines population ageing as an economic problem, viewed as a threat to the well-being of coming generations. Labour force shortage, combined with increased public pension expenditures, seems to be the essential problem definition. Retirement incentives are one of the major challenges, along with increased sick leave absenteeism and extensive disability pensioning. Sick leave for instance, increased by almost 60 per cent between 1994 and 2001, and is now a major drain on the budget (Wallin 2002). In addition, from about 50 years, and particularly after the age of 60, employment rates are declining.

Obviously, ensuring labour force participation of older people goes hand in hand with macro-economic performance. Low unemployment seems to be a pre-condition for creating sufficient job opportunities for older people. That said, the governments message is that declining oil revenues in the new millennium will coincide with an ageing population and increase the states pensions obligations.

The question is how the authorities formulate and implement measures to handle this challenge. Can we identify a new paradigm in Norwegian Active Ageing policies? So far Norwegian policy makers seem, as they usually do (Christensen and Læg Reid 2002), to handle reforms in Active Ageing policies sector by sector. No coherent national strategic plan exists on how to handle the challenges. In addition, it is still an open question as to whether a shift in paradigm is seen as necessary. Existing policies, and past reforms, leans us to hypothesise that new reforms may not be needed or they will be more incremental in character.

Unfolding the Norwegian version of Active Ageing policies means looking into public committee and commission reports. The first traces can be found in the White Paper on Welfare from 1995. Here the benefit to work line (*arbeidslinja*) was stressed as the fundamental approach to welfare for all generations. Since then, several public committees/commissions has reported on aspects of the labour market and the pension system making compatible recommendations with the work line. Table 2 presents a chronological overview of the initiatives taken, their goals, and their results.

**Table 2.** *Key policy initiatives in Norwegian Active Ageing policy*

Commissions	Recommendations/Goals	Result
NOU 1994:2 'On work and Retirement'	Flexible pension age, restrictions on early retirement.	Vetoed
1997 White Paper 'Action plan for Care of the Elderly'	Strengthen the scope and quality of the services. Ensure high-quality nursing and care services adapted to the needs of the individual.	Implemented
NOU 1998:19 'On flexible Retirement'	In line with NOU 1994 :2	Vetoed
NOU 2000:27 'An Including Working Life'	Reduce sick leave absenteeism	No majority proposal. Sparked off a national action plan for senior policy within working life.
2002 Competence Reform	Life-long learning	Being implemented
2003 Government proposal on disability pension	Strengthening the economic incentives to take up work	Being implemented
2001 Pension commission	Modernised pension system, strengthening the correlation between labour income and pension payments.	Commission report in progress
2002 Commission on labour law revision	In progress, but has followed up the EU Directive on age discrimination	Commission report in progress

As we can see initiatives for active ageing are found across several policy fields. However, initiatives concentrate on the key area of active ageing, the labour market. A committee reported on flexible pensioning in 1997 (NOU 1998:19) – another, with the subtitle 'An including working-life', on sick leave and disability pensions in 1999 (NOU 2000:27). Finally a new Pension Commission was set up in 2001 with the mandate to formulate the future pension system of Norway. Social partners, especially the employee organisations, have so far effectively vetoed proposals during the 1990s to change the pensions and other welfare benefits connected to sick leave. On the other side some changes is being made, for example in the disability pension scheme. The Pension Commissions proposals are expected to content at least some changes. However, the political initiative for active aging is mainly about measures to improve the working conditions for older employees, an issue to which we now turn.

## **Active Ageing in the Labour market**

According to the Ministry of Administration and Work (AAD 2003), and our informants, the most pressing current problem is the early departures from the labour

force. This is in the Norwegian context a fairly new problem. Public policies that directly or indirectly encouraged earlier retirement were until recently not seen as a major problem. On the contrary, they were often viewed positively because of their alleged effects in reducing the pressure of unemployment. Current policies, however, aim at the opposite, to prolong working careers.

Obviously, there are two solutions available: either to force people to work longer, or encourage them to do so. The outcome of the first is yet to be decided awaiting the reform proposals of the pension commission to be issued mid-December this year. Current policy is focused on encouragement.

The starting point was the year 2000 and the presenting of the report 'An Including Working Life' (NOU 2000:27). The commission was to prepare proposals to fight the increase in sick leave absence. Even if the commission members failed to agree on a common proposal, the report nevertheless led the social partners to agree on 'a national action plan for senior policies within working life'. Overall political measures like establishment of a national resource centre on senior policies (CSP), mobilising relevant organisations, focusing education, training, and spreading of knowledge on senior policies, supporting enterprises in need of guidance and establishing projects was set up. The action plan has sparked of two concrete measures: a) the *National Initiative for Senior Workers* in Norway, and b) the tripartite agreement on *more inclusive workplaces* (Solem and Øverbye 2002, AAD 2003). The main focus, in both cases, is on the company level and on individual workers. Lets look at the background for the two initiatives, and how they are being implemented.

The **National Initiative for Senior Workers** was launched in February 2001. The process behind the initiative was business as usual. First, the contact committee between the government and the social partners set up a reference group – and then the reference group proceeded to appoint a working group to formulate the concrete measures.<sup>9</sup> In the initiative the social partners have committed themselves to use their regional and local branches actively in informing about appropriate models, practical experience and research results in the area of senior policy. They shall also take initiatives to network projects between work places and arrange conferences and training for respective target groups, i.e. top and middle management, union delegates and senior workers in making good senior work environments.

The new centre, the Centre for Senior Policy (CSP), was given the responsibility to coordinate the initiative in addition to act as an important node in the network to combat early retirement among older workers. There is a strong focus on how to improve work environments and personnel policies in order to make it more attractive for workers and companies to prolong working careers. The most important part of the plan is to initiate concrete management projects in the work places, in order to change company management perceptions and to strengthen the older workers position in the

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<sup>9</sup> The following organisations participated in the working group: The Confederation of Norwegian Business and Industry (NHO), the Confederation of Trade Union (LO), the Ministry of Administration and Work (AAD), the Federation of Norwegian Professional Association (*Akademikerne*), the Federation of Norwegian Commercial and Service Enterprises (HSH – *Handels- og Serviceøkonomernes Hovedorganisasjon*), the Norwegian Association of Local Authorities (KS – *Kommunenes Sentralforbund*), the Labour Market Administration (*Aetat*), the National Office For Social Insurance (*Rikstrygdeverket*), AF, and the Norwegian Labour Inspection Authority (*Arbeidstilsynet*).

work force (AAD 2003). According to the leader of the CSP, Åsmund Lunde, the challenge has to be met with measures on two arenas (Interview May 2003). First of all, old stereotypes still prevail in the companies when it comes to how they look at older employees. The challenge is to get the message through to the companies that they, for their own sake, need to reformulate their personnel policies directed towards older workers given the future lack of labour. In addition Lunde underlines that companies remain passive unless they have to act, and accordingly companies should have to pay in order to let older workers off. There are some signs that such policies may be underway. Previously employees older than 55 years, being laid off in public entities, could receive unemployment benefit to pension age if no jobs were available. From 1 July 2002 this special benefit had to be paid by the companies dismissing employees (AAD 2003). Lunde also argue that efforts should be concentrated on combating new individual norms for time of retirement. Hence, by emphasis on campaigning and informing the CPS focuses on the work place as a social arena important for individual development and social involvement.

The other key initiative, the **tripartite agreement on more inclusive workplaces (IA)**, was signed in October 2001. The agreement were signed by the Norwegian government represented by the Ministry of Labour and Government Administration (AAD) and the Ministry of Social Affairs (SD) and of course by the leaders of the principal employers and employee organisations. The agreement runs for 4 years until the end of 2005. The social partners do have the main responsibility to reach the following goals: a) reduce sickness absence by 20 percent, b) increase labour market participation among disabled and handicapped people, and c) increase labour market participation among older workers. The government have promised not to propose any changes in the sickness benefit in the period, but if a evaluation in 2003 shows that it is clear that it is not possible to achieve the specific objectives for the period of the agreement, it will be terminated, unless the parties reach some other agreement (AAD 2003).

Since the kick-off an additional 20 organisations has entered the agreement. Currently, approximately 500 000 employees are employed in an inclusive working-life firm. The superior aim for the program is to use a greater part of the national health benefits for active measures targeting the enterprises, and to put more emphasis on active labour market policies. In addition, stronger focus on coordination and cooperation between the public services and the enterprises, especially in connection with in-house rehabilitation. Special economical incentives are put into the agreement: wage subsidies if hiring disabled employees, subsidy for adaptation of the work place for disabled people and reduced contribution and social security costs for workers 62 years and above.

A special unit of the National Insurance Service, *Arbeidslivssenteret* (The working life centre) are implementing the agreement which gives the opportunity for firms to have an easier access to and better guidance in activating employees on sickness. All enterprises are also given possibilities for special reimbursement for occupational health care services and extended possibilities for self reported sickness absence.

Enterprises have also been given the opportunity to conclude a tighter cooperation agreement by committing themselves to work systematically to reduce sickness absence.

Special measures are reserved for such IW Enterprises such as right for firms to decide about the active sick leave scheme and follow up service for employees on sick leave. In addition the health services in IW enterprises is given a special refund rate from the National Health Service for efforts to bring employees on prolonged sick leave or disability benefits back to work.

There is no doubt that the main objective in the agreement is to reduce the sick leave absenteeism. It is important to note that the sickness benefits in Norway are very generous: 100 percent of full wage from first day up to maximum one year mostly covered by the state.

The other two objectives, the employment of persons with reduced functional ability and to increase real retirement age, seem to be given less priority. One reason being that the three goals contradicts one another. Many employers feel that employing sick and elderly people necessarily will increase the number of individuals on sick leave, and according to Hilsen and Steinum (2002) one reason could be that the three goals contradict to each other. The price to pay for a more inclusive working life may paradoxically be relatively high levels of sick leave absenteeism. What is obvious, however, is that the reform represents a renewal of Norwegian working life. Falkum (2003) claims that the most important aspect of the agreement is that problems on each individual work place now has to be solved on the spot (within each firm), and can no longer be transferred into the safety net of the welfare state.

What is characterising the path taken in active aging in Norway? According to the previous definitions the Norwegian version of active aging has similarities to the OECD definition in emphasising the productivity dimension. Active aging is not a broad based policy area but narrowly focusing the relation between the older worker and the labour market. The way to do this is not forcing people to work, but to put into action, programmes directed to employers and the employees. So far, changes to the pension system that is viewed, as the main incentive to retire early has not been implemented. Instead the authorities have focused attention towards improving the work place and to make both the employer and the employee aware of the problem definition. The underlying clue is to increase the accountability of the social partners. Within this perspective change of attitudes is central: Work is presented as the core arena and almost the sole way to happiness for older people. For groups in need to be active outside the labour market, or who want to realise other aspects than work their concerns may be neglected by this approach. Thus, within a broad definition of Active Ageing this opens for possible tensions between different aspects of Active Ageing activity on the labour market versus activity in civil society. It may also be seen as problematic in light of the principles of universalism and the right to equal welfare services.

## Norway and the UK in comparative perspective

In this section we very briefly outline the British case on active ageing and point out some contrasts to the Norwegian case. As a starting point it is important to stress that one of the underlying premise of the new Labour and Blair government was that there should be no change in Britain's market economy. The Blair government claimed that the signing of the EU Social Protocol would not impose the so called German or European model of social and employment costs and promised to oppose such movements if necessary by veto (Financial Times, 11 Mar 1997, cited from Fioretos 2001, p. 241). It is against these fundamental cost limits active ageing policies in Britain should be understood.

Part of the UK strategy is laid down in the report of the performance and innovation unit (PIU) « Winning the generation game. Improving opportunities for people aged 50–65 years in work and community activity» (PIU 2000). Before entering some of the specific policies addressed there it is interesting to compare the composition of the project group to that of the Norwegian form of democratic corporatist public committee composition in which representatives of employers and employees interest organisations are most often included. The British case differs. In 1998 the prime Minister announced to the House of Commons that the PIU was to undertake a project on active ageing. This project was one of three strands of work identified by the Inter-Ministerial Group on Older People. The team comprised a diverse mix of civil servants and secondees from outside Whitehall (PIU 2000). Apart from civil servants, there was one representative from the voluntary sector Age Concern as well as one representative from the county level. The surrounding steering group also consisted of civil servants and experts. Thus representatives of the organised labour market was absent in the UK context, these organisations only figured among other groups and persons in terms of visits and consultations that the team made in the project period.

The report highlights ten key conclusions. They include setting out a vision for old people's role and value to society, introduction of age discrimination legislation, increase contact with and job search help for people on sickness and disability benefits, provide careers information and advice for older displaced workers, raise the minimum age at which an immediate pension is payable, improve the transparency of occupational pensions by showing the cost of early retirement in company accounts, review the Civil Service retirement age to 65, promote advantages of diversity and flexibility in working practices through a group of champion employers, introduce a National Volunteering Scheme to offer more attractive opportunities for older people to put their experience into good use, introduce pilots to explore new ways of recognising and rewarding volunteering activity (op.cit p. 7). How can these key conclusions be characterised?

Firstly, with the possible exception of the two measures on stronger information activities of the labour market service, these measures must be seen within the

framework of an ‘affordable welfare state’ set by a liberal market economy. Thus most of the measures such as change of retirement ages are cost saving or does involve only small amounts of costs such as age discrimination legislation (if needed), best practice on work practice and voluntary activities. In this way active ageing measures as defined here are well in line with an affordable welfare state.

Secondly, and in contrast to the Norwegian case these measures only to a very small degree involves cooperation between employers, employees and public authorities at the work place or at the national level through cooperation and coordination between labour market parties organisations and the government. Relations are mainly two-sided as between welfare clients and public authorities, between government and champion employers or government and individuals/organisations in their roles as providers of voluntary activity. Looking at all the 75 detailed conclusions only in four of them is employers and trade unions mentioned as key players.

As an additional source of information on active ageing we consider the snapshot descriptions of projects within the OECD report (2000). Here the UK measure to reduce people on disability includes first and foremost the reduction of financial incentives to claim benefits. The Social Security (Incapacity for Work) Act, 1994 introduced Incapacity Benefit from 1995, in place of Sickness Benefit and Invalidity Benefit. The new Incapacity Benefit has lower average rates of replacement than the former benefits, mainly because the earnings related part was abolished. In addition entitlement conditions were tightened through what is called more objective tests, i.e. restricted to medical factors alone. Another part of the policy response include ‘The New Deal for Disabled People’ launched in 1999–2000. Part of that program is the voluntary New Deal 50+ package of back to work help, including a modest cash employment credit of £60 a week for those who have been out of work for more than six months. It also offers guidance from personal adviser, job search support and a training subsidy to support upskilling and on-going lifelong learning. Again, what is important to note here is the absence of any mentioning of the parties of the labour market and the importance of the firm or working place level. This contrast to the including working life initiative in Norway and the central roles played there by the social partners.

The point here is not that all policy measures differs between coordinated and liberal market economies, as we saw in Norwegian case economic incentives plays a role. What is important is that some aspects of active ageing policies will be much harder to pursue in some countries than in others. Thus the weakening of organised labour in UK after the Thatcher period and the lack of coordination between employers makes initiatives such as the one struck between the labour market organisations and the government in Norway on inclusive working life highly unlikely. The stronger presence of competitive strategies emphasising price and cost competition and the logic of share holder value in management makes costly investment in health and better working conditions as aspects of active ageing less likely in typical firms of UK liberal market economy. They will increase current production costs, i.e. reduce profitability and hence threaten shareholder interest. Given the essential short time calculus of this strategy the potential long-term benefit of such investments in workplace quality (i.e. future reduced costs) are foregone. On the government side policies of low unemployment and employment

protection complements this type of capitalism securing a pool of workers with general skills that are easily recruited and replaceable, (especially at the lower end of the labour market). Estevez-Abe, Iversen and Soskice (2001) reveals the strong linkage between skill formation and social protection. Thus within the coordinated market economies the relationship between skill formation and social protection is so that investments in occupational and firm specific skills goes together with a much higher level of social protection in form of unemployment and/or employment protection. In terms of active ageing policies, investment in preventive health and working life quality makes much more sense for firms situated in a coordinated market economy and with a management structure more dominated by the stakeholder model where different firm constituencies have a voice in decision making (Vitols 2001). In this context the 'calculus' of the firm encompasses multiple goals such as profitability, market shares and employment security as well as a much longer time horizon and so active ageing investments with more long-term payoff would be more viable in this context because of the time perspective and the multi-faceted constituency composition. Thus, returning to the OECD report and the UK policy on disability above the organisation notice the early outcome in terms of increasing employment rates for older men. The Finnish case represents a contrast from a coordinated economy perspective, concentrating initiatives on rehabilitation and stressing the importance of patience, since these changes require time in order to alter attitudes (OECD 2000). The final section sums up and concludes on the comparative aspects and stresses the importance of considering the normative implications of different conceptualisations and policies of active ageing.

## Conclusions

In the table below we have tried to sum up some the variations between the two cases in terms of political economy, types of welfare regime and type of market coordination and how we predict this will have a bearing on the framing of active ageing policy.

**Table 3.** *Variation in political economy, welfare regime and market coordination and expected impacts on active ageing: A preliminary account of Norway and UK.*

Cases: Dimensions:	Norway	UK
Type of political economy	Left Corporatist	Least Corporatist
Welfare regime	Social Democratic /Nordic	Liberal /Residual
Type of market economy coordination	Coordinated market economy	Liberal market economy
Type of decision making	Consensual	Confrontational (less consensual)
Policies and outcomes		
General active ageing	Focused on labour market, but life course oriented	Market conforming economic incentives. Public health, general education and voluntary/civil society initiatives
Status of labour market active ageing initiatives	High	Low/medium
Barriers	Strong wealth effect literally fuelled by petroleum revenue representing a possible barrier against policy change and reversal of adopted norms for retirement?	Small incentives for firms to invest in quality of working life and projects with future expected payoff because of short-term view embedded in company management and because of lack of coordination.
Opportunities	Tradition of full employment policy and active labour market policy, family and woman friendly policies	Flexible labour market and low degree of social protection create incentives for increasing labour market participation across age groups, if competitive strategy is successful, i.e. radical innovation in new sectors and price competition in established sectors.

As the table above suggests and as discussed in this paper we argue that institutional legacies in terms of systems of decision-making, welfare regimes and types of market economy coordination strongly impacts active ageing policies. Hence, Active Ageing

policies in Norway have a strong focus on labour market policy and pensions. Current labour market policy focuses on the need to increase the labour force, and proposals to restrict early retirement have effectively been vetoed by the social partners. Training, skill development and other forms of learning are also in focus. The measures taken are based on voluntary agreements with the social partners, and information campaigns. The message going out is that seniors represent an important working resource upon which society will strongly depend on in the future. In other words, the traditional work line is strengthened. Health care issues, and especially policies aimed at the voluntary sector, are less prominent. The UK represents a contrast with a stronger focus on the voluntary sector and less importance on labour market policy. Measures within the labour market are concentrated on keeping benefit levels low, secure and increase labour market flexibility. These are all measures in line with the requirement of an affordable welfare state, i.e. one that is compatible with the limits set by a liberal market economy.

However to avoid a too rigid conclusion here is the place to put forward some caveats. The first is the question of whether the distinctions made in the table above are still valid or is outdated representing a description of the past? Here the advocates of the globalization hypothesis would approve such a description where a universal process of liberalization and deregulation would wipe out the CME's leaving us with just one global model. Both Wilensky (2002) and Hall and Soskice (2001) object to such conclusions, empirical reality is a world of persistent diversities. Still, to the extent that these structures are weakened by external or internal pressures policy outcomes will be less path dependent and open ended than the institutional legacies approach suggests.

A second aspect is the importance of identifying variation within single countries, i.e. there may be internal variations in terms of coordination and the relational aspects of the firm between different branches<sup>10</sup>. For instance there may be differences between sunrise and sunset industries or between branches requiring unequal skill formation.

In addition the types of political economy and the different types of market economies are also part of the political debate where actors try to sustain, alter or remove these contexts. Thus, actors may remove their consent to the consensual approach in democratic corporatist political economies, if outcomes are seen as unjust. Clearly such contingent factors of legitimacy are important when understanding and explaining active ageing policy formation.

In this paper we pointed out the normative importance of distinguishing between different versions of active ageing. To stress the implications of this let's consider Wilensky's discussion of job creation in his account of system performance:

«The issue is not whether job creation is better than no job creation; it is what kind of jobs to create with what long-run effect on living standards. If employment expands because of a rapid creation of low-paid service jobs, an increasing number of them part-time or temporary jobs taken by people looking for full-time work; because of stagnant or declining real wages; and because of increases in the rate of family breakup... while productivity increases fade and trade balances deteriorate, we can ask, is this progress?.. Further, if real-wage

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<sup>10</sup> The varieties of capitalism approach suggest that the surrounding institutions offer firms a particular set of opportunities; and companies can be expected to gravitate toward strategies that take advantage of these opportunities (Hall and Soskice 2001, p. 15). Hence, this also leaves room for variations within types of economy.

decreases are achieved under by labour crunching and union busting (the United States under Reagan, Great Britain under Thatcher), we incur the costs of mass insecurity, industrial conflict, ungovernability, and unproductive welfare spending.. If to this perverse combination we add a high level of family breakup and the feminization of poverty, should we label the brew ‘a superior record of job creation?’» (Wilensky 2002, p. 504).

Thus to paraphrase the above the question is not whether active ageing is better than no-or ‘passive ageing’, it is what kind of active ageing and with which effect on people’s rights and welfare? This means that both Norway and the UK may be successful in achieving active ageing but with different implications for how prospects for the reality of individual choice and autonomy. Thus would future increasing activity rates of older persons in the labour market result from increased individual choice and autonomy or are they rather expressions of people adapting to economic realities (low social security benefit levels and/or low pay)? And in the Norwegian context is the focus on the blessings of work not in danger of marginalizing those outside work neglecting their legitimate right to be treated equally to those inside the labour market?

This is why we insist on a consideration of justice or fairness in evaluations of active ageing policies. In practical term this means that a focus on labour market participation rates as measures of active ageing success (within labour market policy) is incomplete as it fails to take into account considerations of fairness for instance in terms of distributive outcomes related to income, health, work conditions and gender issues. Or put differently similar participation rates may hide vastly different conceptualisations and policies of active ageing.

Given possible different time-perspective within various political economies, evaluations of success stories in active ageing must take into account this time perspective, i.e. some policies may involve investments that will bear fruit at a much later time, others may involve small current costs and with immediate ripe offs, but may involve accumulation of costs at a later stage. Thus how the active ageing calculus is set up in different countries will be decisive for what outcomes will count as successes and failures. And in the same vain, barriers in some contexts are opportunities in others. In a EU context this means that given the overall differences between types of economy and welfare systems policy learning and diffusion may be limited.

Finally, the varieties of capitalism, political economy and welfare regime literature all point to the existence of and possibility of variation within constraints, in the midst of the alleged forces of globalisation. For active ageing this should point to the relevance and importance of collective political choices and how such choices shape conditions for individual choice and autonomy.

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