

Re-Thinking the Relationship between School, Work and Retirement in the 21st Century

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ABSTRACT

In today's hyper-technological global and crisis prone economy, the traditional 3-phase life-cycle (school, employment, retirement), institutionalized in the 19th and 20th centuries, no longer matches the challenges of change in the 21st century's hectic labor market. Some of these challenges, not all, may be overcome only by reshaping and adapting major components in the individual's life-cycle in line with the requirements of the new era.

Clearly, the trend is towards a multi-career life cycle. Given, on the one hand, that the relevance of knowledge and skills acquired during formal education to constantly changing job demands is extremely short-lived and that, on the other hand, life expectancy following formal retirement age is increasing, this paper proposes the voluntary "borrowing" of 3-4 retirement years and their allocation throughout the work life. Such a strategy would provide 3-4 sabbaticals devoted to training, the updating of skills and the creation of an improved fit between job requirements and individual qualifications. It would significantly improve the human capital market value of workers. It would have an additional social benefit of withdrawing a constant portion of the supply of labor from the active labor market providing employment opportunities for the now unemployed. Ways of implementing the suggested strategy and the possible implications thereof are discussed.

FALSE ASSUMPTIONS

Early last century, John Maynard Keynes (1936) predicted a mere 15-hour work week. Several decades later, in the 1970's and 1980's, futurists such as Alvin Toffler (1971, 1980), Andre Gorz (1980, 1983) and many others soared upon their utopian forecasts of the leisure culture at our doorstep. This was supposed to be the logical and inevitable result of accelerating computerization, rationalization and automation – the substitutes for human labor in production and service processes. Consumption levels high as they were likely to develop, would still fail to catch up with surplus production resulting from economic growth. Concomitantly, there would be far less demand for paid employment than in the preceding classical industrial society. In the beautiful new world awaiting us – at least in the developed countries – we would be free of the ancient Judeo-Christian curse by which "man was born to toil". This vision was based on the assumption that proper social planning would help reduce unemployment rates through a more egalitarian distribution of existing employment opportunities. The reduction of working hours, revocation of overtime, longer vacations, early retirement etc. would add working places and increase leisure time. This vision was expected to materialize thanks to rapid economic growth. The ensuing surpluses and growing taxes revenues would ensure a minimum income for any individual earning less than a given minimal wage. This threshold would ensure economic security and a decent standard of living. Everyone would thus be able to devote more time to self-fulfilling activities without being forever shackled by the existential cares of providing a livelihood. A dramatic reduction of time invested in making a living would present myriad opportunities for positive humanitarian contribution in voluntary organizations, in the community, in leisure activity and other realms unacknowledged by traditional economics since it is not rewarded monetarily.

In Europe this vision was shared by the banner-bearers of the Scandinavian model, and in the US, by progressive liberals of the Democratic left wing, such as Senator Daniel Moynihan (1973) and John Kenneth Galbraith (1958, 1996). Indeed, the 1970's and 1980's and the thriving social-democratic welfare state, especially in Western Europe, seemed to actually confirm this vision. In France, for example, the work-week was reduced by law to a mere 35 hours, in Germany to 40 hours including 6 weeks at least of annual leave, and so, to a lesser extent, in other countries. The vision that paid employment – the principal organizing social ethos of the 20th century - would not be such in the 21st century, seemed to be in the realm of the possible.

Realities proved differently, though. The assumption that shortening the work-week would produce new jobs at a rate that would greatly reduce unemployment - failed to materialize. While processes of automation, computerization and rationalization continued to reduce the number of available jobs, demand for such jobs by job-seekers rose increasingly. A major reason for this was that women who tended to stay out of the active work force in the past were now entering the labor market en masse. Nor has the assumption proven realistic, that reducing the work-week would instantaneously lead to a more equitable distribution of employment opportunities among larger segments of the population particularly in the more traditional sectors of the economy. Instead of employing new workers, the majority of whom lacked required skills and training, the reduction in work hours encouraged employers to invest in technology that would replace human labor. Even more decisive was the fact that most Western countries did not prepare themselves in time to cope with the effects of globalization, including the absorption of millions of migrant workers into their economies which, in turn, outsourced entire industries to developing countries. Cheap labor in developing countries, and the willingness – for lack of choice – of hundreds of millions of people in those countries to work long hours with no social benefits, lured giant corporations weary of high taxes and labor costs in the West, and brought about a major job-drain, especially to Asia.

At the end of the first decade of the 21st century, the triumph of globalization and of the "political economy of uncertainty" (Beck, 1998) over the ability of the nation-state to ensure its citizens' welfare has contributed to an almost unprecedented world-wide crisis. The fallout from the crisis has not been confined to the financial sector. The effect on the wider economy has been profound. The social price of the excesses of the neo-conservative unrestrained New Economy proved unbearably high. Swelling unemployment in most developed countries and demands clamoring for reduced labor costs actually lead to lower wages paid to employees who managed to survive dismissals which, in turn, reduce buying power. Equally important, in the absence of adequate social investment in human capital, the number of job-seekers lacking the necessary training required by escalating technological transformation is growing constantly. Employment insecurity and the need to maintain a reasonable standard of living as the welfare-state foundations are systematically ruined, the loss of pension security and the ongoing downfall of medical insurance systems, force even those workers fortunate enough to stay employed to work much longer hours in order to hold on to their jobs. Indeed, in Europe and even more so in the US and Britain, the tide has turned and the work week grows longer. In the US, Juliet Schur, in her book *The Unexpected Decline of Leisure* (2005) has shown that in terms of working hours, the American worker spends the equivalent of an additional month on the job, compared to his peer of 30 years ago. In Germany the larger firms have increased the average work week from 37 to 40 hours, without raising wages. France has recently aborted the law that has so far limited the work week to 35 hours. At the same time, national unemployment rates have reached 8.5%, 7.5% and 8.6% in such industrial giants as the US, Germany and France respectively, in March 2009 (Bureau of Labor Statistics, 2009).

CHANGING THE PARADIGM

Reality in recent years has backfired on both the social visionaries of "the end of work" à la-Jeremy Rifkin (1996), and the Post-Work Manifesto of Stanley Aronowitz (1998), and the preachers of the sweeping market economy that was meant to open for all the gates of heaven on earth. For recent social thinkers, the answer lies in neither one of the solutions prescribed by the competing right and left political wings in most developed countries. Neither lowering wages, eroding benefits or extending the work week as a reliable means to encourage growth as championed by the right, nor turning back to rely on a huge public sector for generating employment as advocated by the traditional left, can solve the inherent contradictions in the New Economy. This, for example, is the conclusion reached by Johano Strasser in his book "When the Labor Society runs Out of Jobs" (1999). Strasser warns against the illusion that full employment for all, in the traditional pattern, can possibly be provided.

Strasser's warning reflects accumulated experience worldwide. This experience shows that specific, short-term solutions such as a mere shortening of the work week, are simply not good enough. They do not solve the discrepancies inherent in the hyper-dynamic labor market of the 21st century. With time, the creation of a more fundamental and systemic solution that would preserve the individual's status vis-à-vis the new economic circumstances is becoming inevitable. Such a systemic solution has dimensions far too numerous and complex to be discussed here. But among the more - if not the most - important, is the need to overcome one of the basic failures that bring about poverty and unemployment, namely, the diminishing fit between the educational human capital characteristics of many work-seekers, and the labor market demands in the new economy.

A central component in the attempt to attain a better fit between education and employment calls for a break-up of the static and rigid three-phase life pattern that began to take shape in the 19th century with Bismarck's introduction of a national pension system in Germany, and throughout the 20th century. This pattern consists of the education and professional training phase up to the age of 18-30 (depending on the education level acquired), the work phase – up to the age of 60-65, and the retirement phase – from the age of 60-65 onward. With few exceptions, this division became the accepted norm as mandatory schooling took root in the developed world, and the institutionalizing of retirement (and pension rights) became the customary and usually mandatory procedure.

This three-phase life pattern is based upon two fundamental assumptions that are rapidly becoming outdated. It assumes, first of all, that the schooling and training process in early life equips the individual with the core of knowledge and skills that will see him or her through a lifetime career. This may have been true in an earlier era when the 35 or 40 working years in a person's life could have been considered a rather homogeneous and uniform period with relatively marginal changes in the required qualifications and competencies. While few in their right mind would readily accept such a claim today, it still undeniably reflects the constraining opportunity structure for many in even the most developed countries. The majority of those competing in the labor market are, as yet, not provided with systemic updating and back-to-school opportunities to enhance their prospects for better adaptability to rapidly changing demands, and prevent their professional obsolescence.

The second assumption is that there is nothing wrong with abruptly ending an individual's working life upon his or her reaching retirement age. On the contrary, mandatory retirement is still widely viewed as the best win-win solution for employers who wish to downsize and eliminate organizational slack or burnout through chronological attrition rather than outright dismissals while, at the same time, serving the retiree's own basic needs and best interests.

It becomes increasingly clear, however, that these assumptions, which form the basis of the three-phase life pattern, are no longer valid and do not withstand the test of empirical data. There can be little doubt today that the normative work-phase in one's life is not a static one. The rapid obsolescence of knowledge dramatically shortens professional life and renders the veteran worker's professional experience irrelevant, long before reaching formal retirement age. Hence, professional aging, in contrast to chronological aging, occurs much earlier and the process is characterized by a considerably steeper slope. This is an almost inevitable scenario brought about by the new economic dynamics, unless the individual, given updating opportunities, succeeds in making the necessary adaptations.

Thus, too, the second assumption. The sudden termination of one's working-life enforced by agreement, law or social norm at a given chronological age, might have grave consequences for the individual. The extension of the number of years in retirement as a result of longer life expectancy does frequently have abject implications on one's socio-economic status and psychological welfare. Countless studies in the area of occupational gerontology (e.g., Dendinger, Adams & Jacobson .2005; Doering, Rhodes & Schuster 1983; Hayes & VandenHeuvel, 1994) indicate incongruence between chronological and functional age. The relationship between "aging" in terms of years lived, and the weakening of functional capacity, is far from full and perfect, and certainly not universal. Undoubtedly, a rigidly set retirement age, be it high or low, does not reflect the point in time at which the individual reaches a turning point in his or her ability or will to work. Setting such an age reflects an arbitrary and narrow definition of age, based on mere chronology and ignoring other factors. As such, it weighs upon those who, of their own will or skill, are no longer fit for the job. At the same time, it imposes a generalized social definition of 'old-age' upon those who are still far from it in both body and soul. No wonder that many of them, both men and women, prefer to put off retirement as far as possible. The elderly employee may certainly reject it when he or she associates retirement with material deprivation, imposed passivity, depressing loneliness, a lesser social status and the prospect of long meaningless years devoid of content. Indeed, research in various countries has very often shown this kind of negative attitude especially among workers facing imperative retirement due to their advancing chronological age.

EDUCATION AND WORK

The relatively abrupt divide between school and work, as well as between work and retirement, is perhaps administratively convenient, but does no longer rest well with the realities of the global economy. Still, efforts to bridge over the gaps are still in a state of infancy. In most countries, the conventional structure and curricula of the school system is no longer compatible with labor market requirements. Perhaps the single most important requirement is the ability to cope with change, to adapt and adjust, constantly updating and developing relevant skills. In the course of his or her lifetime, today's graduate will inevitably have to cope with 4-6 sweeping information revolutions involving technology discontinuity in a highly competitive and turbulent organizational environment. To survive in such an environment, business organizations must adapt their structure, and their human capital to the ever changing opportunities and threats in their respective market niches. The stable work place based on a core of loyal members who regard the organization as their lifelong professional home that guarantees their employment security is largely a thing of the past. It is being replaced by flexible organizations that constantly transform, grow or downsize, merge with other organizations or are taken over by them. The question arises, of course, whether social institutions, national or local, are indifferent to the victims of this turbulence, or interfere in the process in order to support the individual in his or her attempts to successfully cope with this inevitable reality.

Regrettably, the mismatch between education and work is generally a two-way course. During the average youngster's school or university years, his or her direct contact with the world of work is relatively peripheral. Once they graduate, this often means the end of any systematic study. In many countries, especially in Europe, the irrelevance of routine, conservative curricula is one of the main points of criticism frequently aimed at the school system. In many areas, academic syllabi also fail to catch up with the times. Admittedly, there is a growing awareness of the gaps opening up in various fields of knowledge. Increased efforts are being made to close them in open universities, regular professional advancement plans, various extra-curricular programs, adult education courses etc. However, in most countries the numbers of people actually covered by such extension study programs are still rather marginal relative to the population size in relevant age-cohorts.

By and large, to date, systematic attempts to acquire new skills or update and supplement one's knowledge base in order to adjust to the changes in the work market become rarer with age. The reasons for this can be attributed mainly to the prevailing social opportunities structure, to the lack of appropriate incentives that could encourage continued learning, and to unsuitable training methods, rather than to age-related individual constraints. In this context one should warn against the widespread bias according to which learning skills tend to decline almost universally as a direct function of chronological aging. This deeply rooted bias is totally lacking in sound empirical evidence. Systematic research in occupational gerontology cited above plainly shows that given well-designed training programs and methods, the middle-aged and even the elderly are as capable as the young to cope with new technologies and concepts. Yet it is precisely this bias which by assuming the attributes of a self-fulfilling prophecy causes many, still only in their 40s 50s, to doubt their abilities to learn and absorb new information or to acquire new skills. It is against this background that concerted efforts to encourage and support constant re-training and updating are called for. They are no longer a luxury or leisure pastime for the so inclined. They have become critical for the individual's prospects while competing for his or her economic and employment status. The new economic environment requires that professional training and education systems be institutionalized as ongoing processes throughout one's life, rather than as just the hitherto early-life phase that is terminated at a relatively early age.

RECONSTRUCTING THE LIFE CYCLE

With due respect for various conventional programs, this paper suggests that the fundamental solution for meeting the challenges described above calls for, among other things, a revision and reshaping of the traditional three-phase life cycle.

Structuring human activity by allotting socially defined time-spaces to given content areas fulfills a vital function if it serves relevant needs. Thus, for example, various monthly, tri-monthly or annual cycles (e.g., the "fallow year" of the Jewish tradition) were established in olden times to meet agricultural seasonal needs dictated by regular climate cycles. In the same vein, one of the most important and universal time structuring forms is the 6-day work week culminating with a day of rest (or by now, mostly, 5 work days and 2-days of rest). The work week is not tied to the regularity of certain natural phenomena. But it cannot be overestimated as a social organizing framework that serves as a cornerstone for constructing human activity. The sacred seventh day, dedicated to rest, prayer and contemplation is not only theologically sanctioned by Judeo-Christian scriptures. It is obviously anchored in mundane, human needs and, as such, has subsequently been adopted world-wide as a most basic social right by peoples and cultures of very different religious and ideological backgrounds.

We may now be facing the need to re-structure time in a form the social implications of which are not less far-reaching. Unlike earlier forms of social time structuring, this one involves the entire human life-cycle. As in the past, it is aimed to better address

newly emerging social needs. The very idea of matching the life cycle to human needs is not unique. It was already Plato (380 BC), who, while depicting the ideal state, delineated the philosopher-king's life journey as a series of repeated phases devoted to education, government, and philosophical meditation. A more current and egalitarian version of Plato's vision calls for a multi-phase, multi-career life of repeated cycles of work and temporary quasi-retirement devoted to revitalization, retraining and updating, and possibly preparing for new careers. The necessary financial resources for funding this ongoing process could possibly be gained from actuary costs spared by postponing full pension entitlements – selectively and voluntarily – by about 3 or 4 years and, in turn, spreading those years in the form of paid sabbaticals in the course of the individual's adult life. Tax deductions for organizations offering such sabbaticals can also be considered. The proposed sabbaticals would allow for a year-long pause (probably, subject to an approved course of studies or updating program) every 8-10 years, or if necessary, even at shorter intervals. – quite similar to many of the academic professions who already enjoy the benefits of such an arrangement.

In a reality of endemic unemployment and a scarce labor market, the proposed repeated work-sabbatical cycle could have the additional advantage of balancing out the number of employment-seekers and the number of available open positions, as about 20% or more of the relevant age-cohorts would be on sabbatical at any given period, and would require replacing. It would also allow for much greater employment flexibility, relieving stress and contributing to well-being at work by reducing qualitative and quantitative work overload, and taking into account individual differences in functional aging. On the face of it, it provides a win-win solution. Not only would workers benefit from repeated opportunities to preserve and increase their human capital value in the labor market. Equally, employers too, would gain a constantly updated and thereby more qualified workforce to better face the challenges of change in the local and global marketplace and hold on to their competitive advantage.

Clearly, such a macro level reform will necessitate a most considerable expansion of existing training facilities, and the establishment of new ones. There will also be a growing demand for comprehensive consulting and placement services to help individuals make the most of the sabbatical years. Realizing such a program on the organizational and even more so on the national level will require extensive funding and respective tax policy reforms. Hard-to-change mindsets and short-term economic interests might pose severe obstacles for those working towards transformation, not unlike the initial negative responses to the demands to reduce overall working hours or to shorten the work-week in the 20th century. However, as claimed in the earlier part of this paper, these socially progressive reforms eventually contributed little in the struggle to curb unemployment or to provide a better life to large segments of society. Hopefully, the proposed "borrowing" of retirement years and their allocation as sabbaticals throughout working-life, devoted to bringing skills up to date, enrichment studies and professional betterment, could have a materially and psychologically more rewarding potential for both the individual and to the economy at large. This goal would be attained through the achievement of a dynamically improving fit between the individual's human capital and status in the labor market, and the ever-changing demands posed by technological innovation.

Lastly, the voluntary nature of the suggestion to restructure the life cycle must be emphasized. It should by no means be construed as a call for an enforced postponement of retirement. Structures are merely frameworks within which freedom of choice must be guaranteed. The new passwords are flexibility, gradualism and diversity based on changing human needs.

As reality presses on, long-term social planning becomes increasingly essential if some measure of control over the human costs of globalization is to be achieved. This requires extensive re-thinking conjointly by governments, major employers,

trade unions, educational institutions at all levels and social security systems. Overall, success in the new global environment requires the rapid development of learning communities that offer the individual realistic and manageable opportunities for fostering and promoting his or her human capital under circumstances that can no longer ensure employment security on a given job. The urgent need is for social systems to provide another type of security - that the individual's human capital will not be eroded, nor his or her status in the labor market impaired. Providing such security includes looking at the life cycle as a dynamic unity that integrates, rather than separates, education, work and retirement.

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