

Report on life cycle oriented policy making

By the Committee of Socio-Economic Experts (CSED)¹

Dutch women have caught up with women in other countries in terms of their labour participation rate and the Netherlands presently has more two-income households than one-income households. These trends have highlighted the importance of the life cycle within the context of social and economic policy. For example, in its *Long-Range Equal Opportunities Policy Document* (00/09)², the Social and Economic Council of the Netherlands argued that policy-makers should take a close look at the variations in the number of working hours and career interruptions which can accompany such phenomena as “combining work and care tasks”, “reintegration into the workforce”, “lifelong learning” or the need to “go on sabbatical”.

It was against this background that the Committee of Socio-Economic Experts (CSED) published its report *Life Cycle Oriented Policy Making: The Impact of Changing Labour Patterns* in September of 2001. The report discusses how to cater for people’s preferences with respect to working hours as they change during the course of the life cycle, while taking into account the options open to employers as well as social and economic objectives. The main point is to achieve an optimal level of labour participation. The CSED report looks in detail at three specific areas of policy: the labour market, education and training, and social protection schemes. The Committee analyses the problems and policy options in these areas which are associated with the changes that have been observed in labour patterns.

The general recommendation which the Committee makes in the report is that social and economic policy must be designed to achieve an optimal level of labour participation by building in adequate incentives. The idea is not only to ensure that people work more hours, but to enable them to spread out their work effectively over the course of their life cycle. This also requires placing more emphasis on encouraging labour productivity throughout an individual’s working life. It is partly in this light that the CSED recommends methods for improving education and training. In order to key into the multifaceted demand for education and training, courses and programmes must be made more flexible. It is generally important not to under-invest in human capital or fail to maintain adequate human resources; doing so will undermine the labour market position of those in employment and the unemployed throughout their life cycle.

In terms of social security, it is important to determine the extent to which changing labour patterns have affected the nature of social risk. The CSED believes that “new risks” are arising in the field of work and care, where personal choices play a very large role. The CSED therefore urges policy-makers to consider the shifts in patterns in depth

¹ The CSED is a special committee set up within the Social and Economic Council. It is made up of members appointed by the Crown and independent experts and publishes its own reports, which are discussed in plenary Council meetings after adoption. The CSED reports are therefore distinct from the Social and Economic Council’s advisory papers, which are intended for the Dutch Cabinet and Parliament.

² For the English-language abstract of the original Dutch policy document, please consult: *Long-Range Equal Opportunities Policy Document* (2000/09 E).

and review the way in which the responsibility for each risk should be divided between the individual and society. It is possible that a balance can be sought in a mixed insurance model. This model, which follows the example of the provision for old age in the Netherlands, encompasses three different tracks. In each one, the degree of collective funding and solidarity between age and income categories decreases as the degree of choice and individual responsibility increases: basic cover with maximum solidarity between age and income categories (track 1), individual accrual of entitlements within the context of a collective bargaining agreement or industry-wide scheme (track 2) and wholly individualised forms of saving and insurance (track 3).