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*Reflections on bargaining around age
management*



From 1970 to 1990, consensus existed on the need for letting aging employees go early on.

The proposal of the generation contract came at a time when the previous employment policies, centered on an exchange “Youths in” against “seniors out” were particularly challenged, especially by economists.



1982: first intergenerational device organizing seniors' exit, in exchange for letting young workers in, and particularly the *Pre-retirement Resignation Solidarity Contract*.

Objective: to generate jobs for unemployed youth by promoting the departure of employees close to retirement or by encouraging employers to reduce working hours sharply.

=> Great success of the resignation/early retirement solidarity contract: the following year, 32,000 signed contracts and 200,000 departures.



- Meet employees' aspirations....:

- - desire to break away from the company,

- - a sense of solidarity,

- - fairly replaced salary

- ...and business needs:

- - “oil in the cogs” factor in social relations;

- - rebalancing of the age pyramid;

- - workforce rejuvenation;

- - release of internal promotions;

- - redeployment, including geographically

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- Companies / employees consensus (on older workers' early retirement and need to hire young people).
 - Agreement based on funding from a third partner, the state, which fully subsidizes the paid allowance.
 - High cost of this device: equivalent, at the time, to €17,000

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- Great modernity if thinking in intergenerational terms: age pyramid at the center of the exchange, forward management of ages
 - Measures about employment and work: makes drastic reorganization possible
 - Differences with the generation contract:
 - - departure of seniors (no coexistence);
 - - the young person is unemployed;
 - - high state subsidy;
 - - transfer or transmission are not central;
 - - trading in companies supervised by objectives (ditto bargaining over RTT)

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- A comprehensive law indicating the procedure, then negotiations at enterprise level to set up the device
 - The bargaining structure is reminiscent of the first 1998 Aubry law reducing working time: law setting key objectives and requirements for financial assistance and then a negotiation in the company, to implement the agreements.
 - The second Aubry law will encourage trading even more.

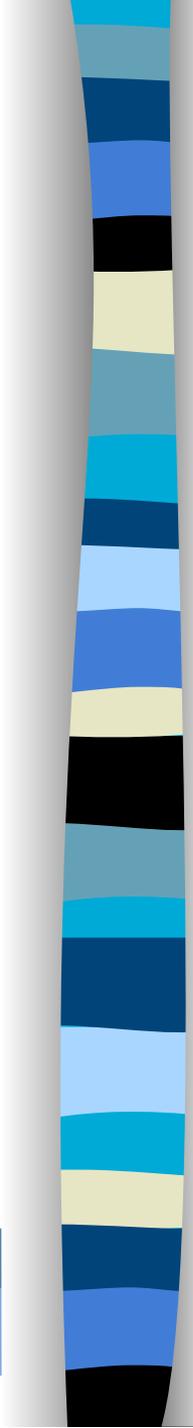


But

- These devices are too costly for pension plans and public finances
- Decline in the participation rate of older workers, one of the lowest in Europe.
- From the 90s, end of incentives for early departure and increase in the retirement age for full retirement.
- From the 2000s, theme of "active aging" and suggestion we keep seniors active

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- Economists are critical: previous policies at that time were based on a wrong analysis of the French labor market failures and on Malthusianism.
 - New vision of the labor market: need to adapt to the new international framework, "insiders/outsiders" theory.
 - Young and old are outsiders: get them in together.
 - Review insiders' protection, incentives to stop working early, as well as the retirement age.

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- Simultaneously maintaining youths and seniors in employment, and, to achieve it, dramatically reducing retirement age: the horizon effects of employees and companies will decline. New benchmarks, new calibrations.
 - But need to change corporate behavior so that they keep their older employees. Need to encourage them to move in the direction desired by the state, both for old and young.
 - Not sure that companies and employees are satisfied. Risk for seniors to become unemployed. How to incite them?

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- Multiple actors whose actions must converge
 - = "*Negotiated public action*": use of bargaining to deploy public action, and oriented or administered bargaining
 - A state policy documentation as a framework to inter-professional bargaining leading to a national cross-industry agreement, itself taken up by a law, which organizes bargaining at sector and company levels, with all the reinterpretation risks that may exist at each of these steps.



What can account for the failure of GC?

Excessively tight frames of bargaining?

As in the example of the Early retirement or resignation Agreement , or the Aubry law, the government would set the terms of the debate.

But in the case of the CPD or the RTT, the law used to set some main objectives (and getting help was conditional to achieving them) and then let the negotiations select the specific arrangements.

In the example of the Generation Agreement, the State's "guidance document" places bargaining within a framework whose results are then translated back by the law... which calls for bargaining. But the law cancels (in the name of elected officials' higher legitimacy) what bargaining has achieved. Social partners' contributions are erased.

Bargaining is administered, within a framework



Too many mandatory bargaining rounds?

- Increasingly numerous mandatory bargaining, which follow on each other too fast: professional equality, hardship, seniors, generation contract. With penalties, hence an incentive to achieve compliance to avoid being financially penalized.
- Large companies have the wherewithal, not so the smaller ones.
- Poor integration of different topics: bargaining in “salami fashion” fails to integrate the various topics
- Difficulty to allow time for negotiators to deal with several topics together, with possible compromises



Bargaining whose content is not consensual?

- Above all, a negotiation whose central compromise does not come from the bottom, from employees aspirations or business needs
- On employees' side (same as in 1982): strong desire to leave and some of them are unable to stay until 60 years of age, as shown in the Working Conditions Survey.
- Previous senior bargaining (replaced by the generation contract) was based on the realization that, to get seniors to work longer, it was essential to improve working conditions.

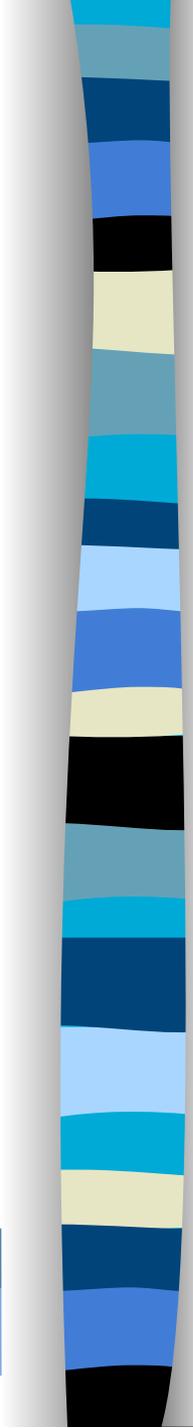
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- Does not meet businesses' needs.
 - Need young workers and rejuvenate their workforce, improve age structure; but this mechanism does not allow it here, because keeping together the young and seniors does not foster intense reorganizations, as permitted by the 1982 early retirement resignation contract

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- Profound disagreement on active aging: companies continue to fund, when they can, their own their early retirement schemes
 - Promote active aging and reducing retirement age, as suggested by economists, assume: massive improvement in all working conditions throughout life
 - A training/retraining scheme.

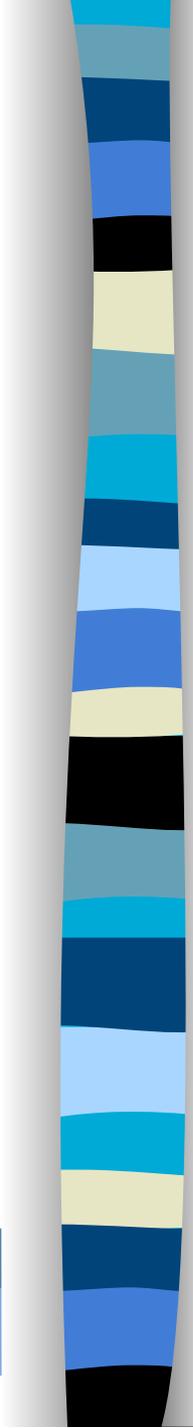
Otherwise, the risk is that seniors cannot remain employed: increased unemployment and poverty of older people

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- The mechanics of the generation contract does not allow companies to reorganize work; constraints are too strong
 - Need to allow industries and firms to reorganize, including geographically, and constrained to meet objectives in terms of employment.
 - GPEC bargaining able to keep together all ages, labor and employment?

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- Need to take into account the working conditions and GPEC is all the more necessary as a third industrial revolution is on its way, we are told, (47% of jobs would be lost due to automation/computerization) in the US in the next decade

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- New type of negotiation, inclusive, integrated, which implies that the unions get involved more upstream in the process?
 - Upstream articulation needed with sector observatories on jobs evolutions
 - Besides, territorial and social dialogue
 - To be done in the different foresight exercises (debate on energy transition, converting back to ecological employment, work and employment effects)

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- Currently, debate in France about the "pact of responsibility"
 - Aid to companies by reducing social contribution in return for job creation. Need to negotiate to define job creation. But very few of agreements and job creations
 - What type of negotiation, complying with nationally set major goals, available at sector and company levels and able to take several issues into account, including GPEC and age management, working conditions and employment. Against cuts in social security contributions?

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- Also implies consistency of public policies: currently, contradiction between devices that facilitate severance without discussion (contractual termination...) and need to consider the work organization and working conditions when bargaining