

2 The gender pension gap: effects of norms and reform policies

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2.1 Introduction

The shifts in welfare resource flows and the (re)definition of specific entitlements that took place over the past two decades remodelled the complexity of welfare arrangements. In most analyses, these developments have been considered to be gender neutral. This article shows that, in the case of pension system reform, men and women have been affected differently. The resources to finance the welfare state flow mainly through wages. This is notably the case for the specific welfare arrangement of pensions. Therefore, attributions of entitlements presuppose substantial participation in the labour market, whereas there are two factors that hamper compliance with these presuppositions: (1) labour markets are characterized by exclusions and inequalities, and (2) these disadvantages are reproduced and partly augmented by welfare state arrangements (Harvey & Randles 2003).

Giving shape to welfare state arrangements (and reforming them) means defining, standardizing and implementing norms: it is an ongoing process of formulating the ‘normal’. Calculation rules for benefit entitlements, for instance, refer to a specific ‘normal’ and, to a certain extent, average life course. It implies a standardized biography which, in current welfare arrangements, is centred around labour market participation. In other words, welfare state arrangements institutionalize a standard form of living (Kohli 1986; Krüger 2003; Marshall & Mueller 2002; Mayer & Hillmert 2003; Moen & Sweet 2004). They differentiate between more or less legitimate biographies in the sense of more or less

successfully fulfilling the (labour-market oriented) norms. The definition and redefinition of such life course norms or ideal biographies are extremely problematic due to the fact that concrete lives seldom fit the normative ideal. Although the uniform ‘objective’ life course never actually existed, current life courses manifest even more variations than a few decades ago. The redefinition of calculation rules changes the previously standardized and legitimized norms of a successful life course. However, this redefinition does not correspond to actual population life courses, as empirical studies have shown (ASIB 2001, Buchmann et al. 2003, EC-Report 2003b, Eurostat 2002, Keuzekamp et al. 2004, OECD 2002, Sarfati 2003, Veil 2002).

This first far-reaching structural shortcoming is multiplied by a second one: the unit of welfare state norms, which in all countries was the family (although this is something that varies considerably), is in several respects in process of being individualized (increasing individual responsibility). While the individualization of pension entitlements could be positive for women’s economic independence, the implementation of these norms is decidedly problematic due to the fact that the eligibility conditions to gain these entitlements have barely been adjusted. Thus, the male breadwinner norm (only marginally adjusted in some cases) now has to be complied also by females. It is true that the participation rate of women in the labour market is on the increase and that this is important for building up pensions. However, it is wrong to think that increasing the labour market participation of women is a sufficient solution to counteract women’s lower pensions (as Esping-Anderson (2002) does), because (1) structural shortcomings and gender

distinctions, although modified, remain (EC-Report 2003, Nelissen 2001), and (2) while caring functions are typically performed by women, the marketization of care is not fully achievable, as recently shown again by Lewis and Guillari (2005).

Life courses and the life course norms instituted in welfare state structures are highly interdependent (Krüger 2003, Moen 2003, Sainsbury 1999). As long as both life courses and welfare state structures remain gendered, the aim of pension reforms to individualize pension entitlements will remain a gendered process (Farkas et al. 1998, Ginn 2004, Leitner 2001). Tendencies to ‘modernize’ (and de-gender) life course norms and welfare state arrangements can be observed. However, the practical outcomes are limited or ambivalent. This paper focuses on the male pension-related norms and the persistent inherent gender contract. It argues that the opportunity to build up pension entitlements is influenced by structural gender differences of welfare systems: social and cultural givens restrict the opportunities to comply with pension norms.

We call pension norms the calculation concept to build up full pension entitlements (in the sense of pension formulas such as the German ‘Eckrentner’ or the Dutch 70 per cent of average income). These calculation concepts are differently constructed per country and may include, aside from wage related entitlements, residence based basic pensions or care credits, and they are much affected by recent reforms.

The argument is separated into four different pension determining factors: (1) labour market participation in the sense of life-long careers, gendered employment, and the influence of taxes and wage

arrangements; (2) care, including care credits, parental leave, and life course schemes; (3) learning, in particular life-long learning; and (4) the linkage of the subsystems and their complex influence on pension levels, in other words, the links between pension schemes and so-called ‘gender neutral’ calculation norms.

2.2 Structural gender differentiation of welfare systems

In all European countries the pension norm (that is, the calculation concept to build up full pension entitlements), is related to continuous participation in the labour market. It is an explicit objective of the European Union (Lisbon Agenda) to increase labour market participation for all, also for women. And there is no doubt that increasing women’s labour market participation is important in order to increase their pension entitlements and to combat the gender pension gap that exists, to varying degrees, in all European countries (EC-Report 2003a, National Action Plans 2002). This is important because in the future, women’s dependence on their own entitlements will increase due to the retrenchment in most pay-as-you-go (PAYG) pension benefits (that is, benefits that are financed by contributions from current workers) on the one hand, and the individualization of the responsibility to build up social rights, on the other. However, concepts of full labour market participation with ideal life-long full-time employment for all are unrealistic for two reasons: (1) far reaching changes in the labour markets, including (in some cases) rising unemployment rates (OECD 2002), and (2) care responsibilities (Lewis & Guillani 2005).

Women's opportunities to build up sufficient pension entitlements have undergone important developments, both positive and negative. None of the developments is unequivocal. However, what is positive for women's social rights is their increasing labour market participation (even in strong male breadwinner states such as Germany and the Netherlands), the introduction of more flexible labour market conditions to facilitate part-time work, and combinations of paid work and care tasks, in the form of, for example, life course regulations (as recently introduced in the Netherlands), better childcare facilities, and/or pension credits for caring responsibilities. The reasons for these developments are practical (to raise the number of contributors and stimulate birth-rates to sustain the generational contract), as well as normative (equality, equity).

On the other hand, the overall structure of welfare systems actually consolidates gender differences. Specific mechanisms such as tax systems, labour market arrangements, social rights' norms, care facilities, and family benefits all influence life courses, and consequently, pension levels. We present a number of examples applicable, in varying degrees, to different systems, in order to show the gendered assumptions of these structures. These examples are grouped according to the four already mentioned pension determining factors: (1) labour market participation, (2) care, (3) learning, and (4) the linkage of pension schemes.

2.2.1 Labour market participation and pensions

The first analytical focus is placed on the link between labour market participation and pension entitlements. Pension-related assumptions

include ‘life-long’ careers as well as full and ideal labour market participation. These assumptions, and the corresponding calculation norms, are mainly seen as being ‘gender-neutral’. We want to show the extent to which these assumptions, and their combination in particular, are not gender neutral.

‘Life-long’ labour market participation

Contributory periods required to build up full labour market-related pension claims (i.e. occupational pension claims in the wider sense, including public earnings-related pensions), have been extended to so-called life-long careers. This can be observed in France (where contributory requirements were raised up to 42.5 years), Belgium and Austria (up to 45 years in both cases). Similar calculation norms already existed in many other European systems (Portugal 40 years, Germany 45 years, Italy 40 years) (see Missoc 2004). However, the actual labour market exit age may often be much lower than the official norm. The level of pensions is largely determined by the duration of contributory periods specified in the calculation norm, which has negative consequences also for men, but for women in particular, because interruptions in the work biography (as is often the case for mothers) substantially influence pension claims. If, for instance, we look at France, Veil’s analysis shows that basic pensions shrink by about 50 per cent if five of the current 40 insurance years are missed (Veil 2002). Many men also fail to meet the 40 year criterion; however, apart from more general reasons, women often have an additional reason for interrupting their participation in the labour market: child rearing.

Another form of increasing the importance of extended labour market participation is the introduction of bonus-malus regulations (Sweden, Portugal, Austria, Italy, Germany, malus in Spain, bonus in the UK) (see Missoc 2004). These innovations in calculation norms stimulate people to continue working by introducing ‘carrots and sticks’, which benefit people who stay in the labour market longer than the official calculation norm, and punish those who leave earlier. In the coming decades, these regulations will affect women’s pension claims more profoundly for two reasons: firstly, recent pension reforms in several countries have changed women’s retirement age to make it the same as for men (Germany, Belgium, Greece, Austria, UK) (Missoc 2004); secondly, women’s participation rates in old age tend to fall more rapidly than men’s (see Table 2-1). Data on the total employment rate (for ages 15 to 64) show a significant gender gap in most countries (only marginal in Sweden and Finland). However, the employment gap of older people (aged 55 to 64) is even much wider (with the exception of Finland).

Gendered participation rates of older people occur even in countries with high female labour market participation, such as the Netherlands and Denmark. For many women, this will probably be the second non-working period in addition to parental leave.

Table 2-1 Employment rates in 2004

		Employment rate		Gender employment gaps*	
		15-64	55-64	15-64	55-64
EU 15	Men	72.7	52.2	0.78	0.64
	Women	56.8	33.2		

Austria	Men	74.9	38.9	0.81	0.50
	Women	60.7	19.3		
Belgium	Men	67.9	39.1	0.77	0.54
	Women	52.6	21.1		
Denmark	Men	79.7	67.3	0.90	0.79
	Women	71.6	53.3		
Finland	Men	69.7	51.4	0.94	0.98
	Women	65.6	50.4		
France	Men	69.0	41.0	0.83	0.82
	Women	57.4	33.8		
Germany	Men	70.8	50.7	0.84	0.65
	Women	59.2	33.0		
Greece	Men	73.7	56.4	0.61	0.43
	Women	45.2	24.0		
Ireland	Men	75.9	65.0	0.74	0.52
	Women	56.5	33.7		
Italy	Men	70.1	42.2	0.64	0.46
	Women	45.2	19.6		
Luxembourg	Men	72.4	38.5	0.70	0.59
	Women	50.6	22.9		
The Netherlands	Men	80.2	56.9	0.82	0.59
	Women	65.8	33.4		
Portugal	Men	74.2	59.1	0.83	0.72
	Women	61.7	42.5		
Sweden	Men	73.6	71.2	0.96	0.94
	Women	70.5	67.0		
Spain	Men	73.8	58.9	0.65	0.42
	Women	48.3	24.6		
UK	Men	77.8	65.7	0.84	0.72
	Women	65.6	47.0		

Source: Eurostat 2005 (<http://epp.eurostat.cec.eu.int>).

* women's employment rate over men's employment rate

Gendered employment

In addition to the gendered labour market participation with respect to the number of years of employment, there are additional gender distinctions in labour market participation also within working years, such as part-time employment and labour market segregation. Gendered labour market participation can, in varying ways, be observed in all European countries. When, for instance, we look at the so-called ‘Dutch miracle’ of the 1990s, with its significant increase in the number of women participating in the labour market, and which is frequently quoted as an example of successful policy, the fact that most Dutch women work part-time is not taken into account to a sufficient degree. This kind of gendered labour market participation is no exception: in the OECD region three quarters of part-time jobs are held by women (OECD 2002, Jaumotte 2003, see Table 2-2).

In 1997, the European Union even adopted a Directive on part-time work to guarantee part-time workers the same conditions as full-time workers (Bleijenbergh 2004). However, working part-time, and working for lower wages in general (see Table 2-3), for instance, as a result of labour market segregation, to say nothing of precarious employment positions, means that income is lower. With lower incomes, employees are barely able to build up pension claims in the wage related (occupational and private) schemes, which are of particular importance also in countries with a citizenship-based basic pension (see, for instance, Nelissen 2001). Several restrictions on access to occupational schemes, which negatively influenced women’s opportunities to build up sufficient pension claims, have diminished within the last two decades

thanks, among other things, to influences of the European Union. However, what is more important and continues to be problematic are the gendered positions on the labour market in combination with the ‘gender neutral’ calculation norms.

Table 2-2 Persons employed part-time in 2004 (percentage of total employment)

	Men	Women
EU 15	7.2	35.2
Austria	4.9	38.6
Belgium	6.8	41.0
Denmark	12.5	33.9
Finland	8.7	17.8
France	5.2	30.0
Germany	6.5	41.6
Greece	2.2	8.6
Ireland	6.1	31.9
Italy	4.9	24.8
Luxembourg	2.4	40.2
The Netherlands	22.5	74.8
Portugal	7.0	16.1
Sweden	12.4	36.4
Spain	2.8	18.3
UK	10.6	44.2
Norway	15.0	45.8

Source: Eurostat 2005 (<http://epp.eurostat.cec.eu.int>).

Table 2-3 Gross hourly earnings of women in public and private sector
(in percentage of men's earnings in each sector)

	Public Sector	Private Sector
EU 15	87	82
Austria	92	76
Belgium	92	88
Denmark	97	92
Finland	83	85
France	89	84
Germany	77	73
Greece	91	79
Ireland	90	82
Italy	101	89
Luxembourg	:	:
The Netherlands	79	81
Portugal	108	79
Sweden	:	:
Spain	93	83
UK	83	85

Source: Eurostat (2002).

: data not available

The influence of taxes and wage arrangements

The building-up of occupational pensions is influenced by tax regulations and wage arrangements. Tax systems in several countries are organized assuming a 1.5 earner household (Dingeldey 2001, Lewis & Guillari 2005, Sainsbury 1999 and 2001), where the 0.5 earner is usually the woman. Tax regulations as an implementation of family support policy, or employer-friendly policy, work in favour of traditional gender roles and thereby in favour of a secondary position of women's wages and social entitlements. In contrast to the purely marriage-oriented German income tax system which favours a 1.5 earner household, the

French system calculates tax duties on the basis of a family-quotient: each child reduces the part of the income on which tax has to be paid. In fact, half of French families do not pay income tax (KAS 2004). In addition, there are tax incentives that have a positive effect for French mothers, such as tax relief for company-provided childcare facilities. However, even within the French system, tax regulations were introduced that work out ambiguously for women's pensions. In 2003, two tax incentives were introduced that will reinforce gender distinctions: (1) for parents to take care of their children by themselves, and (2) for mothers to temporarily interrupt employment (Veil 2004: 19). The introduction of these incentives strengthens, also in France, the traditional roles of the caring mother on the one hand and the (paid) working father on the other, and acts as an incentive to a 1.5 earner model.³

To summarize the gendered link between the labour market and pension entitlements: for several reasons women's opportunities to build up pension rights through participation in the labour market are different from those of men. The complex reasons for women's secondary position on the labour market are described in more detail by, among others, Sarfati (2003). This secondary position on the labour market results in a life course wage gap from which the pension gap is derived (Table 2-4).

³ In many countries, several measures to improve women's pensions or women's opportunities to work also as mothers depend on tariff agreements such as care credits within (additional) occupational schemes and company arranged childcare facilities.

Table 2-4 Average equalised income of men and women aged 65 and over
(percentage of average income of people under 65)

	Aged 65 and over			Aged 65 and over living alone		
	Men	Women	W/M	Men	Women	W/M
EU 15	88	80	0.91	84	69	0.82
Austria	91	80	0.88	99	71	0.72
Belgium	111	97	0.87	101	82	0.81
Denmark	77	70	0.91	67	63	0.94
Finland	95	79	0.83	85	66	0.78
France	98	89	0.91	92	80	0.87
Germany	102	90	0.88	97	79	0.81
Greece	75	69	0.92	76	56	0.74
Ireland	77	71	0.92	58	52	0.90
Italy	97	90	0.93	100	79	0.79
Luxembourg	:	:		:	:	
Netherlands	98	89	0.91	109	81	0.74
Portugal	82	75	0.91	74	59	0.80
Sweden	99	87	0.88	76	72	0.95
Spain	98	94	0.96	102	73	0.72
UK	73	63	0.86	64	52	0.81

Source: Eurostat (2002).

: data not available; FIN: 1996.

In order to differentiate between ‘derived’⁴ and ‘non-derived’ pension benefits (which is crucial in the light of the development toward the individualization of pensions), much more information is needed (for instance, how much of the post-65 income derives from individually gained pension entitlements). Available data for Germany clearly shows that the gender gap in personally-obtained benefits is much larger than the post-65 average income gap: while the data given in Table 2-4 show

⁴ Pensions are always ‘derived’ from something, from labour market participation or from having children as we will see below. However, the official use of this term is linked to derived rights as a spouse, in general, rights derived from the husband.

that the relation of women/ men post-65 income is about 0.88 in average, and 0.81 for persons living alone, the German old age security report (ASIB 2001: 112) specifies that the relation of own old age entitlements for women/men lays at 0.33 (0.29 for the former West-Germany and 0.55 for the former East-Germany).

In short, the wage-related pension gap is widened by the ‘gender neutrality’ of pension calculation norms as the French example of the ‘terror’ of the 40 years required by the pension norm shows (Veil 2002). Gender pension gaps, as the European Commission points out, do not necessarily decrease as a by-product of increasing female participation rates, as they are linked to structural gender inequalities in the labour market (EC-Report 2003a).

2.2.2 Care and pensions

The second focus of the paper is on care and its influence on pension levels. There are many different forms of care including childbearing, care for children, care for the elderly, and care for others. However, it is beyond the scope of the present article to adequately analyse all these different forms. In addition, care-related pension policy is at the beginning of its development, and focuses in particular on childcare. Therefore, our emphasis is placed on this form of care, which is partly recognized and practically widespread.

Care credits

Mainly countries that lack citizenship-based pension provisions, as for instance France, Germany and Austria, have introduced and developed measures to improve women’s ‘non-derived’ pension entitlements.

Pension entitlements of women in France and Germany, for example, are, in average, half of men's entitlements (Veil 2002). This is surprising, because in these countries, both female labour market participation as well as childcare facilities are very different. To reduce these gaps, care credits were introduced, in Germany and Austria much later than in France, and have been subject to ongoing substantial revisions. Yet, even in their latest form, they are not sufficient to counteract gender pension gaps. They are inadequate particularly when there is stronger dependence on several schemes (rather than just the public one), because these credits tend to be restricted to public pensions. We will analyse the influence of care credits in more detail for two different systems - France and Germany.

France provides childcare pension credits for two years per child. Recent reforms changed the conditions for these pension credits, and thereby counteracted the previously positive example of French childcare pension provision. For children born after 2004, work cannot be continued as was previously the case, but has to be interrupted if parents want to be entitled to child credits. The reasons for reforming childcare credits were legal disadvantages for men since the mother-focused welfare arrangements were seen as being discriminating against men. In effect, however, the required minimum interruption of work of two months is, simply for biological reasons, more likely to be taken by the mother. While the old regulations gave credits to one of the parents, generally the mother, independently of their decision concerning labour market participation, the new measures tend to push mothers out of the

labour market.⁵ The former regulations, although not perfect, were better both from a normative point of view (additional pension value, related to children, on top of wage-related contributions), as well as from a practical one (women could receive childcare credits and continue to work without interrupting their profession, which was facilitated by state-provided childcare facilities). In most professions, as is generally known, interruptions are disadvantageous for career paths, skill levels and wage levels (Schmid 2005).

There is, however, a questionable implication in both regulations: if parents decide to care for their child themselves, or are forced to do so because of a local lack of childcare facilities, it is traditionally the mother who interrupts her career and, as such, this means that the traditional gender roles are maintained. In addition, childcare credits (*annuitiés pour enfant*) are only given within the basic pension system, and care time is not taken into account for additional occupational or private pensions.

Furthermore, additional benefits credited to large families (*majoration pour enfants*) are familialized and gendered through wage percentage calculations: apart from the fact that mothers of three or more children (that is, large families), hardly participate at all in the labour market, calculations based on wage percentages are particularly beneficial for (male) higher wage workers. So, if we take the French system as a whole, it continues to be male-breadwinner oriented and familialized. It is certainly not de-gendered and individualized.

⁵ Reasons to interrupt or stop working may be manifold; however, welfare state arrangements, and among them pension regulations, play a role in decision-making, as we will show in more detail below.

Care credits in Germany are again different. As a result of the 2001 pension reform, one parent (which is mostly the mother), builds up pension claims for three years per child born after 1992 and one year per child born prior to that date (Kindererziehungszeiten). The state pays lump-sum contributions for one parent. This means that becoming a parent implies some entitlement to a pension that is guaranteed by the state. However, Germany's welfare system is still highly familialized. Its holding motherhood in high esteem is ambiguous as can be seen when it comes to additional upgrading pension credits and part-time work (Kinderberücksichtigungszeiten). In Germany, the coverage of care facilities for children as of the age of three is more than 100%. Most of them (70%) are part-time facilities. Facilities for children younger than three cover just about 7% (with huge differences between the former East and the former West Germany) (see Table 2-5).

Table 2-5 Care facilities in Germany (by 31/12/1998)⁶
(places available as a percentage of children of the relevant age)

	West	East	In total
0-3 years crèches	2.8	36.3	7.0
Full-time			6.3
Part-time			0.7
3-6 years day nursery	102.0	132.0	105.0
Full-time			29.4
Part-time			70.6

Source: Veil (2002: 173).

⁶ The latest statistics on care facilities in Germany, at 31.12.2002, are less clearly differentiated but comparable: in total; there are 85 places for crèches for every 1000 children up to the age of three. For every 100 children aged three to six there are 38.2 full-time places, including lunch facilities (Statistisches Bundesamt 2004).

Therefore, the two forms of German care credits are quite functional. Firstly, the three years lack of care facilities are compensated by three years of (full) pension entitlements. Secondly, the part-time facilities for children of 3 years and older, including school, are compensated by additional 7 years of partial pension entitlements to upgrade pension contributions of lower income or part-time work. And although these care credits have a positive influence on mothers' pension entitlements for those years, the related (full or partial) interruption of labour market participation involves negative consequences for other years, mainly the difficulty of re-entering the labour market both because of a lack of practice and skill improvement as well as reservations on the part of employers.

Parental leave

More women than men do take parental leave. In Germany, for example, the share of fathers in the 1990 cohort claiming parental leave never exceeded 2 per cent (Born 2003). With fathers having the official right to take up parental leave, it seems to be a matter of 'negotiation within an "egalitarian" couple' (Born 2003: 293) that leads to the decision about who takes the leave. However, due to 'unequal tandem arrangements' (Krüger 2003: 48) the result is a 'neo-traditional behaviour of women' (Born 2003: 290).

Varying per country, this neo-traditional behaviour has different effects on women's pension and employment situations. While some countries introduced an employment reintegration guarantee following a period of parental leave, others hardly offer such rights (Drew 2005). Nevertheless, even in countries where such reintegration guarantees

exist, women in fact do face difficulties when it comes to re-entering. We showed for Germany, for instance, that childcare facilities for children from the age of three, that is, after the possible period of parental leave, are in most cases part-time: most kindergartens and schools are part-time facilities. If mothers start working again after three years' parental leave, the employer is generally obliged to offer a 'comparable' position. However positive this sounds, strict interpretations of this legislation may only lead to offering a full-time job for a former full-time worker who may no longer have the opportunity or the wish to work full-time.

Finally, financial support for the caring parent during parental leave varies significantly. While Scandinavian countries offer relatively generous wage replacements, financial support in other countries tends to be very limited. In Germany, for example, mothers receive quite generous pay during pregnancy leave; however, support for parental leave is marginal. To pay flat-rate benefits for periods of parental leave influences the decision of parents: if fathers, who generally have the better jobs, take up the leave, the loss of family income is much greater. 'Daddy leave' is therefore rare. This is also the case in countries with more generous benefits as a percentage of the wage because the family wage loss, in general, is greater if fathers take the period of leave. Yet, to motivate families to, nonetheless, break traditional gender roles, specific claims could be linked to certain de-gendering behaviour such as taking up a period of 'daddy leave' (as is the case in Sweden and planned in Germany).

Life course schemes

The relationship between care and pensions depends on the dominant life course norm and its concretization in life course regulations. In the past, the largely male-breadwinner oriented welfare and labour market systems, were consistent with the biography of the majority of employees, who were men. Changes in labour markets, economies, life-expectancy and welfare states as well as in individual lives and households led to changes in the concept of the life course. Currently, this concept is no longer the gender-differentiated three-phase life course scholars speak about (learning, working and retiring for men; learning, mainly caring and reduced caring for women) but a less gendered four- or five-phase life course with much less chronology of the different activities such as learning, working, caring (Laslett 1996, MinSZW 2002).

This reformed life course concept has started to influence welfare arrangements. In the Netherlands, for instance, a ‘Life Course Saving Scheme’ (Levensloopregeling) was introduced (Keuzekamp 2004): as of 2006, employees have the opportunity to save wages for non-working periods in order to care for children or the elderly, but also for education, leisure or early retirement. Parental leave will, in the future, only be offered within this legislation. And although within this regulation parental leave is subsidized, there are serious shortcomings since the period of labour market participation before parenthood is in general quite short. Thus, it is not very likely that the time that may be saved before parenthood is substantial. It is anyway very limited in relation to childcare facilities. In addition, prospective studies show that men will

rather save for their early retirement, whereas women will mainly save for the ‘peak hour’ of life, that is, periods of childcare (CPB 2004). This development can already be observed in the existing life course scheme (time credit system) in Belgium where ‘the time credit system seems to be evolving from an instrument to reconcile work and family life to a road to early retirement’ (Debacker et al. 2004: 22).

Explicit life course schemes are just starting to find their way into welfare arrangements, and policy on life course schemes within the European Union (EC 2005) is still very limited (emphasising part-time Directives and simply stating fathers’ lack of interest in parental leave). Yet, the phenomenon is far from new: each European country has, in a way, a life course regulation: pension entitlements reflect the extent to which one’s life fits in with the specific life course norms. As Marshall (2002: 31) put it: ‘Much existing social policy relies on an assumed ‘standardized’ or normative life course’. But while the unit of these norms changes from households to individuals (Mayer & Hillmert 2003) the institutional and cultural changes are far from going along with these far-reaching shifts. This discrepancy has the most negative effects, of course, for those on whom the original norm was not focussed: women.

To conclude, if care credits are evaluated as positive for women, one should be critical about the conditionality (whether they are, for instance, only given if women exit the labour market), the practical circumstances (do parents have a choice? are care facilities available?) and the factual outcomes of such credits in the system as a whole. If the manner of calculating pensions in countries that do not provide pension care credits results in similar pension levels as those received by mothers

in countries that give care credits (both with the same interruption of labour market biography), the concept may sound positive for mothers but the outcomes are not.

In addition, a couple's decision to maintain the traditional gender roles of the female carer and the male breadwinner has to be seen within two circumstances: (1) the life course's 'embeddedness in "linking institutions"', in other words, individual life courses are shaped by welfare state designs and embedded in the 'multiple logic of institutionalized normalcy assumptions' (Krüger 2003: 35, 50), and (2) the decision-making within 'linked lives', i.e. 'how women's "choices" are often constrained by their husbands' circumstances' (Moen 2003: 245). In short, it is the combination of 'structural lag', 'social givens' and 'linked lives' that results in a limited range of individual choices and 'often serves to reconstruct and exacerbate gender inequality' (Moen 2003: 251).

2.2.3 Learning and pensions

Pensions are strongly influenced by the level of education due to the fact that wages are generally higher for better skilled employees. Since education and skill enhancement are no longer restricted to one phase of life, the position on the labour market, and with this the level of pension entitlements, depends on both basic and continuing education.

The concept of the 'life course regime' (Kohli 1986) of strict and chronological division of life phases in learning, working and retirement as a 'blueprint for most middle class white men' (Moen 2003: 237) is obsolete. Firstly, gender differences in education levels are diminishing

in most European countries, although there are still rather typical gender distinctions in the subject of education (OECD 2004, Eurostat 2002). Secondly, the last two decades have seen a considerable shift towards a continuation of education, learning, retraining, further training etcetera, established first of all in Scandinavian countries, and referred to as ‘life-long learning’. Skill improvement and updating knowledge is essential not only for becoming employed but also for remaining employed (Lassnigg 2005). Two important factors should be mentioned on how life-long learning underpins gender distinctions. Firstly, career breaks due to childcare make it difficult in certain professions to remain ‘fit’ for the job, in the sense of updating and practicing skills. Employers often experience parental leave as akin to deskilling (Buchmann et al. 2003). This linkage of the disadvantages caused by times of leave and the assumptions about this time of leave results in difficulties to return to education and learning, and it is a ‘clear evidence of cumulative advantages and disadvantages in learning over the life course’ (Marshall & Mueller 2002). Secondly, the likelihood of young women becoming mothers and therefore being absent from work, may provide reasons for employers to prefer investing in young men rather than young women. This form of the so-called ‘statistical discrimination’ has, of course, a deep impact on future careers, and therefore on pension levels (Buchmann et al. 2003, Esping-Andersen 2002).

In short, life-long learning, which is essential in terms of wage levels and labour market participation in general, is gendered not only due to care responsibilities but also as a result of statistical discrimination.

2.2.4 Links of pension schemes and their complex influence on pension levels

In addition to life course internal factors, pensions are also strongly influenced by the links of the different subsystems in the overall pension system. In this section we examine the interrelation of the different pension schemes and the ‘gender neutrality’ of calculation norms.

Linkage of schemes

In all European countries, public schemes are key in particular for women, because fewer women than men have occupational pensions, and when they do, the amounts they accrue are lower (Anderson 2005, Ginn 2004, Nicoletti & Peracchi 2003, Sainsbury 2001, Veil 2002). In most countries, benefits have been continuously subject to political considerations so that different technical procedures, such as changed indexation rules, determined the level of public pension benefits (Germany, France, the Netherlands, Denmark) (see DRV45 2003). Over the past few decades, these political considerations have mainly resulted in retrenchments that were assumed to be necessary to secure the sustainability of the PAYG systems (Bonoli et al. 2000). In order to sustain these contribution-financed schemes, they were partly equilibrated by general revenues, while in order to counter future benefit losses caused by retrenchment within these schemes, wage contributions were partly shifted towards private investments (both, for instance, in France and Germany).

Thus, increasingly, full pension entitlements depend on participation in different schemes. According to the country, this may mean residency-

based pensions combined with at least the mandatory occupational pensions (the Netherlands, Denmark), or public occupational pensions in combination with private schemes as recently introduced in the German system. However, the problem is that the result in terms of pension benefits from a combination of sub-schemes does not necessarily correspond to the theoretical sum of the independent benefits from the sub-schemes. Indeed, the linkages between schemes can have negative effects for low earners, and in many cases for women, such as shows the example of the Franchise in the Netherlands. The result in terms of pension benefits can therefore be disproportionate to previous wage levels. A quite different problematic effect can be identified when considering the many existing forms of tax subsidies supporting the private pension schemes, another category of sub-schemes. These already existing or newly introduced private schemes (as in France and Germany) become part of the overall pension blueprint, with the argument to compensate retrenchment in the other sub-schemes. However, many of the existing tax subsidies are (still) solely advantageous for better income earners, who are, as said before, more often men than women.

Subsidies to private schemes show a tendency to abolish some privileged categories and to create new groups of beneficiaries. A striking example is the German Riestert-Rente: Germany introduced childcare credits in private schemes by using general revenues to improve mothers' opportunities to build up additional private pension entitlements (Veil

2002).⁷ This is, therefore, one example of how concepts can be interpreted and implemented in unconventional ways. Partly tax financed schemes can more legitimately be used for non-contribution related entitlements such as care credits. Yet, this example of ‘family-friendly’ regulations within private schemes is rather unique as the following examples show.

An additional scheme, introduced in Denmark in 1997, aiming at better redistribution of income in old age, was subject to a striking development. The Special Pension Saving (Særlig Pensionsopsparring, SP) was introduced with the intention of benefiting low-paid groups by providing similar benefits for all contributors. It is financed by 1 per cent of earnings of wage earners, the self-employed and some groups of social benefit claimants. The original idea was to take this one per cent of the (different) incomes and to convert it into an equal, wage independent pension supplement for each contributor. However, in 2002, the re-distributive elements were rejected by transforming the uniform pension supplement, financed by the quasi tax of one per cent of income, into an individual compulsory pension with earmarked contributions and benefits so that ‘the one million richest Danes gain a higher annual pension saving, whereas the poor lose on their pension savings’ (criticism in Abrahamson & Wehner 2003: 15).

In the Netherlands, too, a new way of building up pensions was introduced in 1994, and developed in an unforeseen and misjudged way: the so-called Spaarloon, a tax-advantaged saving scheme. By using

⁷ In fact, *Riester* entitlements are necessary to maintain the current level of public pensions. The term ‘improvement’, therefore, is improper.

saving schemes to dampen wage demands, workers were able to increase their income free of social contributions, and ‘tax avoidance [was] legally’ established (Cox 2000: 25). If these savings were invested in private pension schemes within the named regulation to reach the 70 per cent of the last income as pension level, these investments were again reduced from the taxable income. These private pensions, therefore, were up to fully financed from general revenue. Many efforts were made to cut back this legislation since the first months already showed the unintended outcomes.

Both examples show that countries introduced programmes that provide special advantages to an economically privileged part of the population. Such programmes manifest an ironic kind of solidarity: they not only exclude the less well-paid (mainly women), but in addition they are financed by taxes that are also paid by those who do not benefit from such programmes. This produces a regressive redistribution: the most (financially) successful people in the labour market receive extra rewards.

‘Gender neutral’ calculation norms

As argued earlier on in this paper, pension calculation norms are not gender neutral mainly because they apply an ideal labour market related norm. A striking example is the Dutch calculation norm, the *Franchise*. The Franchise is a wage level, in principle identical to the basic pension (Algemene Ouderdomswet, *AOW*), which is generally taken as the threshold above which additional occupational pension claims can be built up. However, the Franchise does not reflect realistic individual AOW entitlements. Firstly, assumed AOW levels may differ from real

ones due to future pension cuts. Secondly, the Franchise is calculated with a partner-AOW of 100 per cent or a single AOW of 70 per cent, while in a partner household each partner only gets 50 per cent. Taking the Franchise as the basis of calculation for additional pensions, which most pension funds do, is relatively unprofitable for low income earners: only above this minimum level do employer and worker contributions build up occupational pension entitlements. Calculation norms, including the Franchise, imply that double income of an employee may lead to fourfold pensions (Herderscheê 2004).⁸

In general terms, there have been additional developments in calculation norms that determine pension levels in a positive as well as a negative sense: while qualifying or ‘waiting’ periods (that is, minimum contribution periods to be entitled to pension rights) have been shortened (in Italy from 20 to 5 years, in the Netherlands from 10 to 5 years), and some countries’ policy aims at full coverage of employees to be insured in occupational schemes by reducing discriminatory exclusions (mainly of mothers), the problem of the level of future pensions has been left out of consideration. Women’s pensions have been, for instance, negatively affected by raising the number of wage years used as the basis for benefit calculation (in France from the best 10 to the best 25 years, in Austria from best 16 to the best 40 years, equivalent to a life-long career, in the Netherlands from end salary to average salary, and so on). While many disadvantages for women to build up pension entitlements are diminishing thanks to European and national regulations (unisex life

⁸ In the UK, the Dutch pension system with its basic pension is currently seen in a very positive light, and even worth copying. However, it is the UK itself that is experiencing the challenging development of part-time employment as for instance citizens’ accumulation of jobs to circumvent poverty.

tables, conditions to join occupational schemes, and so forth) many important aspects to reduce gender pension gaps are not yet legally binding. It is not the position of the authors that state regulations are per se better or that they are needed in all details. Nevertheless, many obstacles for women to build up adequate pension entitlements seem to remain as long as interventions are not taken. Building up full pensions is a challenge that requires investment in several pension arrangements. However, some linkages of subsystems mean that pension levels are disproportionate to the wage levels, and therefore some welfare arrangements increase the wage gaps and result in even wider pension gaps.

2.3 Conclusions

We close our analysis with some conclusions directly based on the concrete measures analysed above, and some more general ones. First of all, conclusions concern the gendered structures of the different systems, and the insufficient rectifications to level off gender pension gaps.

To rectify the seemingly individual disadvantages of women does not eliminate the countless structural gender disadvantages: while in some systems the norms of years of insurance may be complied with by women thanks to rising labour market participation in combination with care credits, women will hardly ever reach the level of men's pensions. Due to the fact that pension systems are mainly related to labour market participation, and due to the fact that wages and labour markets are gendered, pensions are per se gendered.

Policies to balance gender pension gaps follow divergent paths. While some systems tend to maintain gender roles by introducing benefits such as care credits, others intend to introduce de-gendering measures such as life course schemes. However, the measures that have been implemented based on these policies are inadequate to eliminate gender pension gaps and in some cases these gaps have even increased. Care credits, for instance, are insufficient when taking into account the incompatibility of care facilities and work participation requirements, and the necessity to build up pensions in different schemes while care credits generally only affect entitlements in (decreasing) public pensions. This inadequacy is particularly striking since pension systems aim to provide opportunities for all citizens to build up the pensions proportionate to wages. Most systems, although to varying degrees, continue to work with traditional family and gender role concepts as far as political measures, labour market structures and calculation norms (including entitlements and taxes) are concerned. Seemingly gender neutral laws, and even ‘women - friendly’ measures, do not lead to adequate options for both men and women to build up pensions.

There is a twofold development in reforming welfare arrangements. On the one hand we observe political efforts to implement gender equality and equity. On the other hand measures and argumentations are focused on traditional (ideal and primarily male) labour market participation. Contrasting developments are taking place also caused by the intensified linkage between labour market policy and pension policy based on arguments such as sustainability and dependency ratio (CPB 2005, OECD 2005). It is obvious that the state, acting as an important

regulator, is not absent and that new values (realized in forms of credits for, for instance, care) are being introduced in pension systems. Resulting from this combination of diverging interests, pension systems are developing towards a complex mixture of different schemes.

This ambiguous policy is accompanied by a further ambiguity: the increasingly individualized responsibility for one's old age income. The concept of individualization changed the structure's label but not its essence: the 'individualization' of pension calculations is a paradigmatic example of how welfare arrangements proceed in terms of a male breadwinner tradition. Welfare arrangements are torn between the individual unit and the family unit. This is, at the same time, a standardization of, and a result of, (still) gendered life courses (Fux 2002). With respect to calculation norms, countries should find their own mix, including solidarity, proportionality, a balanced mix of different schemes, and policies to balance various forms of gendered labour market participation. Taking into account the influences of the overall structures of welfare states, concepts should be discussed that aim to de-gender the life courses of both men and women, as for instance, the Dutch project of a 'combination scenario' as a kind of 'flexicurity' concept that strives to combine social security with a more flexible labour market and family situation.

Finally, it is the overall composition of each welfare system that determines pension levels. Varying measures were introduced in the unique welfare systems of each country. While some of them explicitly aim at improving women's and mothers' pensions, others were introduced to influence other policy areas, generally based on a rather

‘gender-neutral’ perspective or, more critically formulated, a gender blind one. The overall outcomes for women can only be understood within the unique combination of different measures and circumstances in each country. These might appear in forms of labour market policies, tax regulations, care credits and facilities, cultural norms (bad mother, bad employee), calculation norms, specific mixes and shifts of pension schemes and so forth. As long as the analysed factors are not taken into account, reforming welfare states will have, in one way or another, gendered pension effects.

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