

## 5 Pension reforms in Europe and life-course politics

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## Abstract

In recent years, somewhat drastic pension reforms have taken place in all European countries. The pension systems, developed in the last century, are no longer considered to be suited to the changing demographic constellations in European countries, and the financial sustainability of these systems is under threat. Moreover, the changing political and economic set-up in European countries is also used to justify reforming the different pension systems. Different reasons can be given to explain the various pension reform measures, without however, there being any integrated coherence. We suggest that a politics of social policy, and of pension policy in particular based on a life-course perspective, facilitates the understanding of the whole range of pension reform measures. In the past, the elaborated pension systems were attuned to a normative standard biography. A new standard biography, with different phases and more transitions and combinations enables one to understand the variety of the ongoing pension reform measures. Such a life-course perspective integrates sequences of learning, working and caring considered necessary for the polity. In other words, it is based on a conception of human potential, and it integrates, to some extent, the previously separate domains of labour market policy, education policy, care policy and pension policy. However, recent theoretical and empirical studies of the life course lead to a critical evaluation of the new standard biography, with the conclusion that the new standard is one-sided and scientifically unsound, entailing challenges for social policy.

## Keywords

Pension system, pension reform, pension policy, standard biography, life-course politics, life-course theory

### 5.1 Introduction

In European countries, the first pension systems for specific groups were developed before the twentieth century; fully developed systems were in general set up after 1945 (Hannah 1986, Thane 2000). The creation and generalisation of pension systems, and the wide variety of systems in Europe, can only be understood when referring to a combination of political, social, demographic and economic explanations. A sufficient production of wealth, confidence in ongoing economic development, a minimum of trust (Ring 2005, Taylor-Gooby 2005) in the state and political will, well-organized social partners, and organized labour markets (as, for example, ILM's – internal labour markets) were minimal conditions for setting up pension systems. These conditions varied by country, and as a result a number of quite different pension systems have been established.

A pension system is a complex institution that is intended to guarantee the transfer of rights to resources between, and to some extent within, generations. The resources used for satisfying pension rights have to be produced in the present, but the claims on these resources have been built up in the past, and at present new claims on resources – to be produced in the future – are established (Myles & Pierson 2001). In terms of the sources of resources, there are three distinct families of

pension systems: PAYG systems, capital funded systems, and systems financed by general taxation. Moreover, there are other types of resources that can be used in old age, such as home ownership, certain subsidies for old people, etc..<sup>31</sup>

There are many PAYG systems, for example more unified ones as in France or more diversified ones as in Germany (agreements by sector), and also partial PAYG systems with a different form of financing, as in the Netherlands through popular insurance. There are also many capital funded systems; their variations depend on: 1. the regulations applied to the funds, with many variations per country, 2. membership – participation can be individual at one extreme or organized by branch of activity at the other; participation can be voluntary or compulsory, and 3. the institutions and actors managing the fund. Finally there are varieties of systems financed by general taxation.

All the different pension systems assign monetary means (and sometimes services) to pensioners. The monetary transfer is necessary for capitalist welfare states, given the generalisation of market exchange for many goods (consumables and durables) needed to live. Secondly, pension systems regulate the exit from the active labour force, for example by the introduction of a mandatory pension age. Employers, such as private enterprise or state institutions, can therefore regulate the exit of employees without in principle any further responsibility for their well-being. Finally, pension systems allow for a period of non-

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<sup>31</sup> The scope of this article does not allow us to explain the details of the various pension systems; PAYG systems (or pay-as-you-go systems) transfer the contributions (paid through wages or through any income) directly to the actual pensioners, in capital funded systems the contributions are invested and the return (or the value in the case of pension funds that have been capitalised) of the invested funds is used to meet the pension claims of former contributors.

employment, and pensioners are therefore not dependent on their family or the immediate community. These systems contribute therefore to a smooth form of intra- and intergenerational solidarity.

In short, the creation of pension systems can be understood as the invention of complex devices that combine social, political and economic aspects and involve, at the same time, private enterprise, social partners and the state. Pension systems develop and stabilise (a) capitalist welfare states (through monetary transfers necessary for markets in the classical sense, and for the state), (b) the regulation of production and of the workforce, and (c) social cohesion by giving shape to intra- and intergenerational solidarity. For quite a few decades, pension systems, with all their variations per country, were quite well adapted to the demographic, social, political and economic situation.

The various pension systems in European countries were based on, and also contributed towards standardising, a standard biography, with some variations between countries (Soede et al., 2004). An initial phase of socialisation and education is followed by a second phase during which men work and women are mainly involved in caring (childbirth, child care, care of the elderly, care of the household –and on this point there are quite a few variations in different countries) and, finally, a third phase that marks the exit from employment for men and a relative reduction in caring tasks for women. In short, it was a very gendered and normative life course which underpinned the generalisation of pension systems in European countries after 1945.

The main thesis of this contribution can now be formulated. The various recently introduced pension reform measures can be understood

separately by referring to either demographic, social, political or economic transformations. However, no integrated explanation for all the reform measures is possible in this way. Only a life-course perspective facilitates understanding of the disparate reform measures initiated in the various European countries.

Linking pension reform to a life-course perspective is not new. In the debate on social justice and pension reform (Schokkaert & Parijs 2003, Myles 2003) the contributors refer explicitly to life-cycle or life-course perspectives.

In a first step we present the various pension reform measures and their characteristics. We then go on to show that these reforms are in tune with a new standard biography. Finally, we analyse the shortcomings of this new standard biography and point out the challenges for welfare policy, using present theories of the life course developed in recent years.

## 5.2 Ongoing pension reforms

Looking at the various reforms of pension systems in European countries one can identify a certain number of common characteristics. An overview of the various changes is given below (for more details see Bonoli 2000, Frericks *et al.* 2003, MISSOC 2003 and 2004, Castellino & Fornero 2003, Hughes & Stewart 2004, Castles 2004, Bonoli & Shinkawa 2005).<sup>32</sup>

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<sup>32</sup> In this article it is impossible to specify the details of the various reforms in different European countries. This overview is based on data collected in the comparative European research project RESORE on employees' resources concerning pensions and subsidized labour; research groups from the following countries participated: Portugal, Spain, Italy, France, Austria, Germany, Belgium, the Netherlands, UK.

A/ The introduction and extension of private pension schemes respectively (in general with some form of tax support under certain conditions), for example in Germany (the so-called *Riester-Rente* from 2001, Lamping & Rüb 2004, Hinrichs 2005), France, the UK (Stakeholder pensions), Denmark, the Netherlands (for example financed through the *Spaarloon*, Cox 2000). In countries where private pension schemes were already widespread, new regulations and extensions have been introduced. The private pension schemes are, in general, subject to regulations concerning the identity of the bodies allowed to offer the private pension scheme as well as the rules of advertising, and the costs and the rules concerning conditions and forms of investments possible for the contributions collected (Germany with the *Riester-reform* or France with the *PERP/PERCO* – Le Monde Argent 2005). These new, and renewed private pension schemes are more or less related to other parts of the existing pension system (the Netherlands, Sweden, Denmark, Germany). Additionally, the private pension schemes may be linked in new ways to the work biography, as for example in Germany where under the Hartz4 reform some schemes have to be used in cases of long-term unemployment.

B/1 In almost all the countries, there have been various different kinds of attempts to reduce the opportunities for early retirement. This is realized through financial disincentives (for example by increasing the number of working years required for full pension rights in France from 37.5 years to 42.5 years; more examples can be found in MISSOC 2004), or by changing the pension rights through, for example, new or extended bonus-malus principles (Sweden, Germany, Portugal, malus in Spain,

bonus in the UK, Austria, Italy), or by terminating the tax advantages for pre-pension schemes (as in the Netherlands, Denmark and Sweden).

B/2 In general, there are attempts to increase the mandatory retirement age. The previous point, B1, already points in this direction. Policy papers (OECD 2005, European Commission 2005a) advance the argument that extended participation in employment is desirable and necessary for defending the financial viability of the national pension system by increasing the number of contributors to the system.

C/ New rules have been introduced in all countries for calculating the level of pension rights, as for instance:

passing from a system of ‘defined benefit’ (where pension entitlements are, for example, defined as a percentage of the final wage) to a system of ‘defined contributions’, with a rather strict link between contributions and entitlements (Italy, Sweden, UK);

changing the logic of pension indexation (France, Germany, Spain, Sweden);

changing the years of reference used in order to calculate pension rights (France: the best 25 years instead of 10 years, Spain, Austria: the best 40 years instead of 16 years);

introducing the norm of ‘average wage during working life’ instead of the ‘final wage’ for calculating occupational pensions (for the majority of the pension funds in the Netherlands);

In general, one can conclude that these changes have the following consequences: firstly, more than in the past they individualize the



entitlements, and secondly, they reduce to some extent (and sometimes quite considerably) the monetary value of the entitlements.

D/ In many countries new mechanisms have been introduced in the pension systems with the objective of establishing procedures to re-evaluate regularly or under certain pre-defined future conditions the parameters used for calculating pension rights (for instance by introducing a link between the wage or the pension benefits on the one hand and the life expectancy of cohorts on the other hand, which has been done in different ways in Sweden, Italy and Germany). This category of reforms points to new procedures towards further changes. It might also initiate a transformation between different parts of the national pension system. For example, the new pension law in France establishes that continuous evaluations will be arranged, and that under certain circumstances the changed conditions will necessitate new reforms. In other countries, such as Germany, critical thresholds are established, which will – when passed – entail changes in the calculation of pension rights.

E/ In the countries where the state underwrites and guarantees the pension system, attempts have been introduced to limit the financial liability of the state. For example, in PAYG systems the state guarantees, in general, the availability of the resources necessary to meet the established entitlements. What this entails is that the state (with financial means from general taxation) must contribute should the established pension system no longer be able to sustain itself. National states contribute to the PAYG systems, with percentages varying from 10 to 30 % of the total amount of expenditure (Schmid 2002). In order to limit this liability, several measures have been introduced, such as new forms

of taxation (an ‘eco-tax’ in Germany, a new form of social contribution, the CSG and the alcohol tax in France, the reserve funds in Spain, or ‘virtual funds’ established by realized and projected reductions of the national debt, as in the Netherlands). Also in Spain some social contributions are transferred into general taxation.

F/ In all European countries one can find reforms that attempt to eliminate inequalities between men and women. This can be achieved in two quite distinct ways:

by reducing certain aspects of the traditional male breadwinner model for pensions. This reform movement is certainly not finished, but some definite steps have been undertaken to eliminate a number of evident discriminatory aspects. This includes, for example, equalising the mandatory retirement age for men and women, or limiting the pension rights of widows (or partners, as for instance in Denmark, Sweden, the Netherlands, Germany); these measures can therefore also have negative consequences for women.

by attributing or changing pension rights in the form of care credits (Germany, Austria, France).

G/1 In several countries, the reforms have an effect on pension credits for higher education. These credits can, for example, be bought in France, whereas in Germany the credits did previously exist and have been downsized.

G/2 It is important to mention the plans formulated in several countries (and realized for example in the Netherlands, starting in 2006) to

introduce a ‘life-course scheme’, which would facilitate saving time for care, education, leisure or early retirement.

[This Dutch scheme is analysed in more detail in ‘Policy for the ‘peak hour’ of life. Lessons from the new Dutch Life Course Savings Scheme’, Robert Maier, Willibrord de Graaf, Patricia Frericks, *European Societies* forthcoming 2007.]

H/ Under the first point, we already noted the new state regulations concerning pension funds. These new regulations attempt to prevent the further occurrence of many noteworthy shortcomings of pension funds, such as forms of mis-selling (Blackburn 2003).

I/ Changes in the taxation system of either contributions or benefits (Germany, the Netherlands). These changes can discourage, for example, early retirement, and belong to a former point, but should be stressed here as a separate point.

J/ In several countries special pension system regulations for particular groups have been partially abolished, such as civil servants or specific professional groups, such as miners (for example in France), or differences between groups (‘employees’ and ‘manual workers’ in Germany for example) have been partially levelled out.

These different characteristics of reform cannot be grouped together under a common denominator. Some of them create new variations, transforming uniform systems into mixed systems (Germany, France) through the introduction of private pension schemes; others regulate, and in general reduce, the quantitative level of pension benefits. Some reform measures are specifically for women, whereas others can have

consequences for retirement age. In short, there is no evident common denominator for all these reforms.

It is certainly possible to explain all the various measures separately because some of them can be understood as guaranteeing the sustainability of pension systems (retirement age, calculation rules with the consequential reduction in pension benefits), whereas others, such as the introduction of private schemes, can be understood as an opportunity for employees to compensate for the decline in the expected pension benefits of the public scheme by private pension schemes, or as an opportunity for employees' changing status (becoming self-employed or independent) and who, therefore, can no longer participate in pension schemes linked to salaried employment. Different measures, such as the possible future adjustment of contributions or benefits to the life expectancy of cohorts (Sweden, Italy, Germany) can be understood, on the one hand, as guaranteeing the viability of the pension system, and, on the other hand, as a responsible sharing of the costs of demographic change.

We can conclude that understanding and explaining the various reform measures is not a serious problem. However, this conclusion is also unsatisfactory since it does not present an overall understanding or explanation. At the limit, each of the multiple measures is explained on its own. Our hypothesis is that the totality of the reform measures can be understood when relating pension policy to life-course politics in a consistent manner.

### 5.3 Life-course politics

The emergence of various pension systems in European countries presupposed many conditions, because capitalism is an economic form of production that is certainly dynamic but that is, over time, also unstable and characterized by a certain number of changing tensions. Capitalist forms of production, moreover, necessarily presuppose certain types of resource flows regulated outside the market (for example state-regulated and state-financed education) and other forms of non-market exchange in the household economy. Only a mixed social and economic system - capitalist in variable degrees on the one hand but institutionalized on the other - can elaborate relatively stable pension systems. These pension systems reflect and reinforce the normative standard biography with its three phases: (1) socialisation and learning, (2) work (for men) and mainly caring (for women), and (3) non-employment for men, continuing care for women.

For many reasons, including demographic changes, the viability of the existing pension systems has, over the past few decades, been questioned and a diversity of reform measures has been realized. The multiplicity of reform measures can be understood in connection with the emergence of a new standard biography, with more phases, combinations and transitions. This new standard biography is still, to some extent, subject to gender differences.

Explicit reference to this new biography can be found in recent policy reports and in public debate (EUCOM 2005a, EUCOM 2005b, OECD 2005, Verkenning Levensloop 2002<sup>33</sup>).

This new standard biography is firstly characterized by more phases. The first phase is the same as in the old standard, it is a phase of socialisation, learning and receiving care. The second phase is new, and is situated roughly between 16/17 and 30 years of age. This is a phase with continued learning, little care is given or received, with explorations on the labour market and with relationships, yet without durable attachments. This is the phase of young adulthood. The third phase is the most complex one, that combines work, care and to some extent continued learning. During this phase, more stable relations with work and partners are established, families are set up, children are born. With short interruptions, men continue with their work, whereas women tend to interrupt their work more frequently and also for longer periods of time, mainly for childbearing and care-giving purposes. However, many women continue to work – at least part-time - in marked contrast to the previous standard. The fourth phase then follows, which is the phase of the active elderly, situated roughly from 60 to 80 years of age. This is mainly a phase of leisure as a result of non-employment (retirement), and a decrease in caring activities (children have left home, parents have died). The last phase is characterized by more intensive care.

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<sup>33</sup> The most detailed version can be found in this Dutch study commissioned by the Ministry of Social Affairs; however, other authors, such as Laslett (1996) explored the changed life course, and distinguished four phases.

The various references to this new standard biography stress the remarkable increase in mobility and transitions during the life course, with considerable overlap between the phases, and with many transitions between different activities from work to unemployment or self-employment, from work to care and back, with shorter or longer phases of learning or leisure, to name just a few.

This new standard biography takes into account important aspects of generally recognized ‘objective’ transformations. Indeed, these transformations, such as demographic changes (longevity, fewer children, first child at an older age), longer years of education for men and women, increased participation of women in the labour market, flexibility and mobility of employment relations, have all contributed towards changing individual biographies during the past few decades. In the next part we go on to show that this new standard biography offers, independently of its merits, only a limited and problematic construction, because it focuses exclusively on the individual life course, and excludes considerations of interdependencies between life courses.

Before critically examining this new standard biography, we will now show how the multiplicity of pension reform measures is in tune with this life-course construction.

Let us start with private pension schemes. The introduction of these schemes can be seen as a reaction to a more flexible labour market and to the planned reduction of pension benefits, and more generally as enabling transitions and mobility during the life course. Quite a number of qualified employees have either been forced to, or have chosen to organise their work within new constructions, either by becoming ‘self-

employed’, or by ‘sub-letting’ or via ‘special labour loan organisations’. This means that they could no longer build up pension rights within the usual employment relations. The introduction of private pension schemes enables these categories of ‘workers’ (even if they have formally a ‘self-employed’ or ‘independent’ status) to build up pension rights with certain guarantees and subsidies from the state. Moreover, the introduction of these schemes can stimulate the opportunities for these new forms of ‘work’. The private schemes also offer the opportunity for employees who build up insufficient pension entitlements to supplement their entitlements.

As far as women are concerned, the reforms facilitate and stimulate the participation of women in the labour market in many different ways. But there is much more: it is an explicit goal of the reforms to increase the rate of participation of women by removing obstacles in the classic pension systems based on a male breadwinner model, and in some countries by providing opportunities to get pension credits for child-bearing and care. However, there is still a gender division in paid labour, in both care and in household work, with considerable variations between countries. Therefore, the position of women, while formally improving, is far from being equal when it comes to pension rights (Bussemaker & Kersbergen 1999, Lewis 2002, Veil 2002).

Reform measures limit the opportunities for early retirement and question the mandatory retirement age (for example by a bonus-malus system); these measures are explicitly set up to stimulate a higher degree of work participation of older employees. At first glance, these measures seem to be at odds with the new standard biography. They recognize its existence, but at the same time these measures attempt to transform this



biography with the aim of prolonging active work participation for men and women with the argument of increased longevity and of the contributions required to ensure the viability of the pension system.

In general, all the reform measures set up for guaranteeing further sustainability of pension systems are explicitly based on a high degree of participation in paid work, with special attention for young people, women and older employees. This is a consequence of the normative tendency of the new standard biography, as it is used by policymakers, excluding exaggerated care, too much leisure or early retirement (EC-Report 2003, OECD 2005).

Therefore, the new standard biography is not just a given, it is also an object of struggle, because ongoing interventions, such as the stimulation of a higher degree of participation in paid employment, are considered necessary by the main actors on international, EU and national levels (for young people, for women and for older employees).

To summarise, the new standard biography explains the various pension reform measures in Europe; at the same time the reforms give further shape to this standard biography. The discourse of this biography is quite convincing because it is based on ‘objective’ demographic, economic, social and political transformations. The politics of pension policy seem to be based (implicitly or explicitly) on this new standard biography, with the implication that pension policy is more and more co-ordinated with formerly distinct policies, concerning health, education and the labour market, instituting a new form of life-course politics. Basing social policy, and pension policy in particular, on a normative standard biography can be called life-course politics.

In the final part we outline a critical analysis of this normative standard biography, with two aims: firstly, to show that this model is one-sided and scientifically unsound, and secondly, to point out how a satisfactory understanding of the life course, based on scientific research, can identify specific challenges and tensions of the reform perspective on pension systems.

#### 5.4 The life course and capitalist welfare states

Over the past few years, much empirical and theoretical work on the life course has been undertaken. Here we present the main insights and findings, and discuss the implications of this work for pension reform measures.

Life courses are a historically and socially situated series of activities of individuals, arranged and ordered in various ways, with marked interdependencies between the life courses of different individuals on the one hand and with multiple interdependencies between the various sorts of activities of one given individual during his or her life course. Life courses have been shaped by various forces and actors, and in particular by welfare states and capitalist economies, and ideal types have been formulated as moral references. Therefore, the opportunities for individuals as agents to take their life course in their own hands is constrained by the procedures of the welfare states, by the requirements of capitalist production and by moral ideals. This definition situates life courses in historical time and in socio-economic contexts. Life courses at present are significantly different from what they were some decades ago, and there remain stark, even increasing, contrasts between developed and developing societies.

Recent scientific work has underlined the fact that the structuration of the life course is a dynamic historical process, and secondly, that this structuration entails a continuing but changing tension between the ordering, articulation, and duration of diverse activities in the life course and the complex, but not contingent, relationship between the societal and economic dynamics of these activities. To take one example: there is a historically changing relationship between the educational inputs and an increasingly knowledge-intensive economy, but considerable variability in how this may be sequentially ordered in a life course, although *some* sequential ordering and articulation between time in education and time in employment is necessary (Cooksey & Rindfuss 2001).

Moreover, there is no single societal – one size fits all – life course, but multiple interdependencies between differently structured life courses, the most notable one being articulated by gender (Moen & Sweet 2004), but this is just one dimension of interdependency. Only by focusing on the structuration of the life course, is it possible to gain an integrative scientific understanding of a dynamic which all too often is fragmented into different areas of scientific and policy concern, such as transitions into labour markets (Gazier 2003); education and skills; pensions and retirement; caring needs and provisioning, or the ‘gender contract’.

Furthermore, a broad anthropological understanding of ‘economic’ processes is required, to embrace market, non-market, and state institutional modes, when considering the activities centrally involved in the structuration of the life course in terms of their economic interdependency. Activities of education, caring, work, and leisure can be seen as involving resources that are mobilized through market

exchanges, non-market household or unpaid individual activity, or welfare state taxation and social insurance systems. In this broader understanding of the ‘economic’, the economic logics and explanations for the structuration of the life course can be apprehended, such as the market mode, with respect to work, the historical rise and fall of ‘lifetime employment’, and associated career progressions with retirement and pension rights. The market mode related to work can be seen in part as being dynamically related to the changing structures of capitalist enterprise, from internal labour markets to outsourcing and flexibilisation of the employment relation (Gautié 2003). Equally for the state mode, welfare systems of care and provision, on the one hand (Mayer & Schoepflin 1989, Kohli 2002), and the organisation of the public education system setting duration and specifications of qualification and duration of compulsory and higher education on the other, can be seen to entail state-mobilized economic resources. For other non-market modes, changing household organisation, kinship structures and organisation of leisure activities can be viewed as different forms of non-market organisation of activities, mobilising economic resources in various different ways.

This conception of the life course summarises the rich insights of recent theoretical and empirical work (Heinz & Marshall 2003, Hockey & James 2003, Marshall & Mueller 2002), with an accent on four points: firstly, using a terminology of activities, and not of ‘roles’ or ‘status configurations’, because this latter terminology entails a division of psychological, sociological and economic approaches. Secondly, this presentation avoids the individual choice paradigm, taking for granted the parameters of choice, thereby avoiding analysis of structural,

historical and societal change. Thirdly, although some existing approaches recognise some interdependencies explicitly, such as the impact of learning deficiencies on a later series of activities or the constraining effects of the interdependencies between partners implicit in the gender contract, the conception presented proposes an integrated approach to the various interdependencies, including international ones, involved in the structuration of the life course. Fourthly, this notion conceptually formulates the links between diverse instituted economic modes, market, non-market, and state, both in terms of activity and financial resources (Harvey & Maier 2004). In short, present scientific approaches to the life course combine a generalized conception of various interdependencies within and between life courses with a theory of instituted economic processes.

The main thesis of this conceptualisation of life courses is that the transformed life courses constitute a challenge for the existing capitalist welfare states, but also offer new opportunities. The life-course structures manifest in contemporary advanced economies have developed along with economic growth and increases in productivity in both market and non-market modes. Increased life expectancy and a decreasing proportion of the life course spent in formal, paid employment have been a secular transformation. There is reason to consider that, *given continued growth*, this transformation will continue, if unevenly, and in varied ways, in different economies.

The challenges can be identified in the areas of work, learning and care, linked to each other in practice.

In the normative classic standard biography men could have an uninterrupted work biography. At present, much more women participate in the labour market, and obstacles constraining participation should be removed. However, the suggested solutions are rather problematic: there is the proposition of further commodification (Esping-Andersen 2002), which would entail including necessary non-paid work (for example care work) in the labour market, but as Lewis and Giullari (2005) have shown, such a perspective cannot be fully achieved. More generally, the EU (Commission of the European Communities 2005a), the OECD (2005) and various governments have formulated policy goals of increasing further the rate of participation of women in the labour market in order to guarantee the financial sustainability of the various arrangements of pension systems. There is, however, no guarantee at all that the capitalist political economy, with its so-called ‘knowledge-based economy’, always supposing higher and repeated qualifications, can in the near future absorb such significant numbers of new employees.

A new articulation of education, capability formation, and economic organisation is suggested by the increasing rate of skills obsolescence and the intensification of knowledge-based economic activity. But how this challenge is resolved in terms of the restructuring of the life course, entry into employment, continued skill formation during the middle phases of the life course, and semi- or permanent retirement, and under what economic modes, is uncertain, with many possible path-dependent outcomes. Building up pension entitlements is constrained, given the increase of variations of learning trajectories in present-day life courses, in other words with the growing flexibility and the multiple transitions.

But without a significant transformation of pension systems it is impossible to introduce gradual and reversible passages between work and learning (there are some timid attempts in the direction of a ‘transitional labour market’).

At present, many women combine work and care, and also men consider timidly such combinations. In other words, there is a growing interdependence of life courses, with the consequence of less fit between the existing pension systems and the changed life courses with all their interdependencies. This is for example evident in the frantic search to find solutions to the decreasing fertility rate. The EU, the OECD and national states recognize this problem. The organisation of welfare arrangements and of opportunities to build up pension rights (day-care, time off for childcare, care credits) are in general quite insufficient (with the exception of the Scandinavian countries). The two goals, an increase in the rate of labour market participation for women and in the fertility rate cannot be realized at the same time with the outdated welfare arrangements and the existing opportunities to build up entitlements for pensions. A significant engagement of men, of employers and of the public sector to provide resources and to share in the responsibility will be necessary in order to achieve a new policy of care.

However, there are also new opportunities for instituting a more satisfactory match between the arrangements of capitalist welfare states and present-day forms of life courses. These opportunities can be identified through the conditions that facilitate overcoming the challenges previously mentioned. One example should be sufficient to illustrate what is meant: only (life-long) learning guarantees satisfactory participation in the knowledge-based economy, but targeted resource

flows for realising such a guarantee are currently rather scarce. Entitlements to phases of learning have to be earned, but then it is often too late because of the irreversibility of the passages of the welfare arrangements; therefore the introduction of gradual passages and of facilitation of transitions in reverse presents an example of an opportunity. For pension entitlements, that would mean that entitlements can be obtained during the learning phases, for example by earmarked tax-credits or specific life-course pension schemes.

## 5.5 Concluding remarks

Recent scientific work on the life course shows the one-sidedness and the limitations of the new standard biography. The new standard biography focuses almost exclusively on individual biographies and does not systematically take into account the various interdependencies characteristic of the life course, such as the interdependencies between activities within one life course or the interdependencies between different life courses. Moreover, the new standard biography attributes the responsibility for a ‘well-planned’ biography almost exclusively to individuals, without sufficient support from the state and private enterprise. The acquisition of pension rights is dependent on well-defined activities during the life course (paid employment, and in some countries credits for giving birth or for caring), excluding many other socially and economically ‘necessary’ activities (such as life-long learning, other forms of care). The new standard biography defines one format of life course, which does not cover the whole range of variations between individual life courses. Women and migrant populations in particular do not fit well into this normative framework, and they



therefore risk – in very different ways - being pushed further towards the margin. Therefore, the new pension policies, inspired by this normative version, only offer limited opportunities to build up full pension entitlements through the various socially and economically necessary interlaced activities of men and women.

The ongoing pension reforms can offer a temporary solution for guaranteeing the viability of the variously transformed pension systems. These reforms show definite but limited steps of abandoning the old standard biography (for example in terms of limiting the male breadwinner model, by acknowledging flexibility and mobility, by giving some attention to care and learning). However, the reforms do not establish new pension systems that are tuned to the present life course with all its variations and interdependencies.

Pension systems were creative inventions, quite well adapted to the old standard biography, and therefore able to sustain capitalist welfare states, to regulate production and to contribute to social cohesion. For many reasons, life courses have changed, and the pension systems invented in the past are no longer suitable. The ongoing reforms, related to a new standard biography, are insufficiently attuned to new social, political and economic aspects of present-day life courses. Therefore, there is serious doubt as to whether the transformed pension systems can enable and stimulate the further development of capitalist welfare states, a dynamic stabilisation of labour markets and social cohesion.

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