

7 General conclusions

to the doctoral thesis

Setting rights: Resource flows, life-course norms and the dynamics of citizenship in European pension systems

7.1 Conclusions

The aim of this doctoral thesis is to answer three questions. The first question examines the meaning of current pension reforms as one complex arrangement of the welfare state. I point out that the social rights and the social identities of citizens are changing. Self-responsibility is at stake, while opportunities to comply with this consumerist, self-responsible individualized norm tend to be on the decrease. In addition, there are structural deficiencies such as non-ideal conditions that lead to different forms and levels of inclusion and exclusion, non-ideal markets (labour markets, welfare economy, capital markets), non-ideal information flows (on the supply side, the consumption side, and the welfare economic side) etc.. These structural deficiencies are closely linked to the so-called new social risks (Bonoli 2005). Flexible labour markets and the rising demand for knowledge and skills make it difficult for citizens to comply with the uniform and obsolete life-course norm which became even more rigid as a result of pension reforms. In addition, even if individuals were able to comply with the required norms, the welfare state itself would not be able to cope with the overall developments.

Therefore, from two perspectives, pension reforms show a lack of understanding as to what sustainability requires. Firstly, pension reforms fail to meet the life-course challenge because they continue to link social rights to ‘ideal’ labour market participation. Secondly, they fail to meet the challenge posed by the resource flow which is a consequence of what we refer to as ‘the paradox of the shrinking middle’, i.e. the dilemma of rising demand in public resources and insufficient financial means. Reconceptualizing (pension) systems is long overdue when it comes to

meeting the demands of ongoing complex developments. What can be observed, however, are rather limited reforms, based mainly on short-term perspectives.

The second question concerns the gender dimension when redefining social rights. As pointed out, women's pensions may be seen as paradigmatic for successful pension reforms in the interplay between life-course standards and required resource flows. Due to the continuing gendered structures of each economic mode, gender still entails significantly different opportunities for building up social rights. Gendered labour markets (in participation, wages, skill investments, functions, quality of contracts, to name a few) in addition to the gendered welfare economy, which manifests itself in positive as well as negative discrimination (or in non-ignorance and non-individualization) do have cumulative effects on social rights entitlements. Since derived rights are obsolete in times of changing partnerships, cohabitation, single households and single parenthood, implementing a system for the traditional family constellation is definitively inadequate. In combination with developments to reduce benefits to correspond only with individual needs, recent policies are contradictory and ambiguous. However, even if policies were to reflect one clear ideal of either individualized citizens or of traditional families, in both cases the actual citizens, and the females in particular, would, for several reasons, have to deal with inadequate systems. First of all, individualization is impossible. Lives are interlinked – either from the wish to form a (family) unit or through welfare arrangements. The welfare economy as an intersection between market economy and household economy influences life-course choices and social identities. The examples used in this thesis are different rights

and regulations (e.g. on taxation) and facilities for various forms of care. The complex interplay of such components of the economic modes raises significant questions on gender in times of so-called individualization, not to mention the contested question as to whether (full) individualization is desirable at all and if it is, what form that individualization would take.

This thesis emphasises various other arguments against the actual understanding of individualization which is based on problematic assumptions. This is first of all the fact that care cannot be fully commodified and defamilialized as is often assumed. A second difficulty arises from the problematic assumption of possible (full) self-responsibility and comprehensive long-term planning of social security, various kinds of risks and life-courses as such. Countless changes would need to be implemented in order to remedy the non-fit of the reformed systems to female life courses in particular. However, recent rectifications are inadequate, as proved in the case studies in this thesis. The systems need to be recast in a much more global way than legislators actually dare to do.

The ability to do so depends on public space in terms of discourses and resources. However, recent reforms tend to reduce this public space – in other words, with recent reforms, welfare states tend to erode their very foundation. This space (instituted financially, for instance, by taxes or by social contributions) is necessary to define social rights and social identities. Reducing this space decreases democratic opportunities to redefine life-course norms. Redefining life-course norms forms part of the procedural development, and it is indispensable at present since current systems are still extremely limited in their valuation of activities.

The labour market dominance is far too limited to correspond to the long-term interests of individual citizens and of society as such. Investment in society, in wealth, health, trust, education etc., is essential to achieve the necessary growth, on which sustainability, social cohesion and justice depend.

Furthermore, additional difficulties accompany ‘non-ideal’ developments, such as divorce or widowhood. Not even an improved concept of splitting rights, for instance, would be sufficient either to do justice to different life courses or to secure different citizens’ financial existence due to the fact that it is related to only one period of the pension relevant life-course norms.

The cumulative effects of different ‘socially constructed properties’ are emphasised in the various articles, including gender, class, ethnicity, and these properties are linked to other elements such as education, information, power etc.. Categorizations, such as class, are not replaced by new ones such as gender, age etc. as is sometimes said. In fact, the complexity increased as did the urgency of the different effects of categories, also caused by the non-fit of individualization and more rigid life-course norms.

The third question in this dissertation concerns the kind of normative and practical justice that could, after all, be advanced to legitimize social rights as part of citizen rights. The developments analyzed have a positive component: with comprehending citizens as individuals, the ongoing dominance of male-oriented norms comes to an end. In practice, however, what is needed to enable individual citizens to build up equitable social rights is still a utopian idea. There are countless reasons

why rectifications to the male-developed welfare systems do insufficient justice to individual citizens.

The rectifications are mainly of a technical character. Most of them are short-sighted and therefore incoherent, as for instance shifting public pensions to private pensions with a view to reducing costs. This cost reduction, however, does not take account of converse developments such as increasing administration costs (Hills 2004). And in the long run, many more pensioners will be excluded from building up sufficient private pensions and will depend on public resources through forms of social assistance. To avoid this new financial challenge, we see the emergence, once again, of a discussion to hold relatives responsible. One example of new ideas about how to transfer these kinds of new financial responsibilities was recently observed in Germany, where the future responsibility of grown-up children for the financial responsibilities of their parents was debated. It is obvious that such technical changes fail to create trust and social cohesion, and it reinforces odd forms of de-individualization.

What this thesis also makes obvious is that it is not only challenging from a practical point of view to find a solution to the gender pension gaps (or, more broadly, to the ‘gender citizen gap’), and to other inclusions and exclusions based on obsolete assumptions. Theoretical considerations are also far from indicating a broadly acceptable solution for both life-course and resource flows logics. Formulated ideals tend to either have little to do with the existing systems or to focus on technical improvements of the originally male oriented systems. Concepts are per se contested, including concepts on gender or class, as well as concepts on citizenship. Concepts of gender difference are as contested as

concepts of total gender equality, and it seems that a combination of both is necessary.⁴⁶ ‘Neither equality nor difference, then, is a workable conception of gender equity’ (Fraser 1997: 44, also for instance Fraser & Honneth 2003). The combination of both, gender difference and gender equality, forms part of the overall concept of citizenship that this thesis elaborates for pensions. However, also this concept of citizenship needs to be developed further. Not to degender citizens while nevertheless putting an end to gender segregation is tantamount to walking on a knife edge. Which positive or negative discrimination is necessary to enable individuals to live their individual lives without reinforcing (gender) segregation, in other words, which future normative life courses will be legitimized? Answering this question with a concept of ‘activeness’ as developed above can only be the tip of the iceberg.

What is required is to recast pension systems, for reasons of justice and for reasons of sustainability. Discourses are slowly taking social capital into account. Some awareness of tasks other than labour market tasks are emerging slowly but surely. These different tasks are in line with the logic of the instituted economic process, inherently answering the Prisoners’ Dilemma of long-term sustainable systems, as well as the circularity of democratic capitalist welfare systems. The different measures analyzed point to specific improvements and not, however, to overall changes. They are too limited to answer present-day challenges of social citizenship.

The combination of the life-course approach and the resource-flows approach offers a unique way to study pension reforms in particular and

⁴⁶ In terms of policy measures, gender mainstreaming concepts and managing diversity concepts need to be linked while at present, they tend to be played off against each other.

citizenship in general. Comparable to Olsen's teleological idea (2006) and Fraser's realistic utopia (1997), the realistic pension utopia developed in this thesis differs considerably from anything found in all the literature on pensions. To reiterate, it is not developed as an ideal and normative sounding utopia. It is a realistic utopia, which follows the internal logic of present-day capitalist welfare states as well as particular policies partly developed to support the sustainability of the systems. In line with the procedural point of view, I agree with the opinion of numerous philosophers when they say that justice would best be achieved by eliminating the different occurrences of injustice (Honneth in Fraser & Honneth 2003, Kelsen 2003, etc.). It also diminishes the problem of whether changes are either normative or factual. This, then, sounds like political advice. And in fact, returning to the Prisoners' Dilemma of welfare states, if the sustainability of society is understood to be a collective good, it is legitimate to invest in this good. In contrast to factual political advice, however, this thesis approaches investments from a long-term and comprehensive perspective.

Obviously, I am recombining and reinterpreting different approaches, such as the investment state of Anthony Giddens (1999). Obviously, I am also emphasising very important differences in the nuances. As pointed out above, concepts and their implementation are subject to continuous struggle. Therefore, the definition of what is needed to sustain systems in a broader sense is also an ongoing struggle in the Weberian sense. This again will deeply influence the definition of citizen rights. For the struggle to have any meaning it depends on public space in the sense of discourse and in the sense of resources. As pointed out in the articles, Martin Kohli (1986), Hans-Werner Sinn (2000) and

Stephan Lessenich & Matthias Möhring-Hesse (2004) all base their arguments on the social contract of societies. This social contract, they argue, is inherently a generation contract and thereby a gender contract. Comprehending sustainability and solidarity in this way is comparable to the combined approach of resource flows and life courses as put forward in this thesis. Desolidarization and total unconditional individualization as called for by Giddens is therefore incompatible with societies as such. Aristotle once taught that only gods or beasts could live outside society, and human beings were neither. In this context, François Ewald (1986) reminds us of the Clavière programme, dating from 1787, that links individual benefit with public wealth. The insight that solidarity is system intrinsic is therefore not new, neither theoretically nor politically. At present, however, it lacks implementation but first and foremost public recognition.

7.2 Further Research

Finally, I would like to point out three important questions that this doctoral thesis does not even attempt to answer. Firstly, it is well known that the link between productivity and the number of working hours is constructed (Land 1980, etc.). For instance, the long-hour employment in the UK is not more productive than less-hour employment elsewhere (Olsen 2006). In the Netherlands, the country where this thesis was written, it is common practice to work less in terms of hours and years, without the Dutch economy being plunged head-long into disaster. It is therefore not surprising that it is the Netherlands that has seen the emergence of innovative life-course concepts such as the flexicurity

concept that has resulted in the combination scenario⁴⁷. However, if working time and productivity are not causally linked, what we probably need is a courageous discussion about different forms of valuation, of revaluating different forms of paid labour (there is currently a certain amount of displeasure at the levels of pay received by top managers) as well as of valuating up different forms of unpaid labour-related activeness. What is needed, therefore, is a discussion on old values and on new values in particular. These values need to be approached through the holistic concepts used in this thesis: the life-course and resource-flows concepts.

Secondly, what we called the tip of the iceberg – walking on a knife edge between degendering citizens and stopping any form of discrimination - needs new discussions on the social construction of gender. This is not only of interest for the female gender but for both genders.

Thirdly, the shift from capital market (including labour) to the financial market makes it necessary to get more awareness of international linkages. It is first of all this development, much more than the micro developments analyzed here, as for instance the flexible labour market, that increases the problematic linkage between citizenship rights and national borders. To reinterpret the Ancient Greek terms: the obsolete assumptions on the *oikos* are only one side of the coin, the other side is the obsolete assumptions on the *polis*. It is by no means the aim of these final remarks to state that nation states, welfare systems or families are

⁴⁷ More details 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.

going to vanish. What has to be seen, though, is the necessity to understand and to react to developments and challenges of all different kinds as part of a total process.

7.3 References

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