

Setting rights:

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

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

Rechten zetten:
levenslopen, hulpbronnen en de dynamiek van burgerschap in Europese pensioensystemen
(met een samenvatting in het Nederlands)

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And it is Robert Maier, my supervisor and mentor, whose company is sheer joy.

To my grandmother

Dr. phil. Elisabeth G. Anten, née Frankenberg

1908-1994

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1 General introduction

To the doctoral thesis

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

1.1 The theoretical framework of the thesis

In the past two decades, and at an increasing pace, all European welfare systems have been subjected to various reforms. Health systems, unemployment systems, pension systems are all subject to what is termed cost containment. Reforming social systems inherently means redefining social rights and thereby social identities and citizenship.

Citizen rights are subject to continuous struggle. While civil and political rights, to refer to Marshall's categorization, remain more or less constant since they focus mainly on status, social rights are less static since they are based on behaviour in particular. This behaviour was and is mainly related to labour market activities. Yet there are, to an ever increasing extent, also other activities that entitle people to social rights related to care and education. Elsewhere we have referred to this conglomerate of accepted activities to build up social rights as 'activeness' (for 'active concepts' see also Sen 1988: 59). This activeness is defined and institutionalized within the various welfare states.

However, welfare states are based on obsolete assumptions about generations, gender roles and labour markets. And although there have been a number of important historical changes as far as various assumptions are concerned, institutional change is slow. One important change concerns the vision on the active i.e. the directly entitled citizen: this is the most striking for women who were considered to belong to the household unit and to be entitled via the head of the household. Within

the instituted versions of this so-called male breadwinner model, women were entitled to derived rights only, and derived social rights in particular. Recent developments tend to individualize both the entitlements and the building up of them. This redefinition of the unit to which rights refer to has far-reaching and profound consequences for the structure of society as such.

Both these changes - entitling activeness and the unit of entitlements - self-evidently go together. Labour market conditions, household formations and life courses are changing so that social rights also have to change, and vice versa. In addition, sustainability of the systems in the sense of continuity, obviously important for pension claims, needs to be guaranteed. Various dynamics within social systems lead to the ongoing reinterpretation of what is necessary to sustain the system, and therefore the dynamics call for continuous adjustment (or once in a while for transformation). The complexity and interdependence of these dynamics demands an adequate and comprehensive adjustment of social policy. However, reforms generally focus on only one facet of the welfare system: either health, or unemployment, or pensions. Social policy, at least when conceived of as a 'productive factor' as the European Union does, needs to invest according to the broader understanding i.e. in life courses as well as in various forms of sustainability.

The renewed norms and definitions of duties that citizens are faced with, and the related legitimacy and tensions are the subject of this doctoral thesis. The reformed 'activeness' citizens have to comply with will be approached through two concepts: life-course regimes that emphasise institutionalised biographical norms on the one hand, and instituted

economic processes that analyse the flows of resources on the other hand. Approaching the contested concept of citizenship through these two concepts is unique and elucidating.

Comprehending capitalist welfare states as instituted economic processes facilitates the analysis of the different dimensions that are necessary to sustain a system. In contrast to classical political economy, the analysis approaches economic systems in a rather holistic way and does justice to their inherent complexity. It differentiates various modes of the economic dimension, namely capitalist production and exchange, welfare economy including education, health care and welfare arrangements, household economy, and voluntary work. Together these multiple interlinked economic modes, which are concretised in interaction with all kinds of other dimensions (cultural, political, social, environmental and so forth), form the economic dimension of reproduction of present-day capitalist welfare states. This understanding of economy results necessarily in a non-orthodox comprehension of sources and resources. For sustainable systems, understood as the polity as such, ‘capital’ needs to be produced through numerous different kinds of investments, i.e. by various kinds of activities. This indispensable activeness transcends the short-sighted necessities related to self-interest and combines it with the principle of solidarity, reflecting the far-sighted necessities for the system’s sustainability. This far-sighted approach encounters various interdependencies in and between generations. A concrete example of this would be the expected development of the dependency ratio (people aged 65 and over relative to people of working age i.e. 15-64) based on calculations of demographic developments.

Emphasising this phenomenon, also known by the term ‘ageing societies’, is often accompanied by the criticism that the younger generations, i.e. children are insufficient in numbers. While children are necessary to reproduce the system, having children is put on other people’s agendas (including most of the costs involved, and not only in financial terms but also in terms of the career and skills of, generally speaking, one parent). This moral hazard between the ‘free rider’ and the ‘net loser’ is often referred to as the Prisoners’ Dilemma. Self-responsibility, a term widely used in present-day reform policies, fails to incorporate long-term necessities in the various resource flows of our systems. This Prisoners’ Dilemma can be avoided by the anthropological conception of the economic which is inspired by Karl Polanyi (2001).

Such an approach also suggests that citizenship cannot be conceptualized separately from the other changing domains of the historical dynamic of polities. The concrete citizen rights depend on the overall shape of the social system. Early retirement, for instance, was a somewhat uncontested practice in times of economic upturn and full employment. In the meantime, facing a problematic, i.e. unbalanced, dependency ratio and economic ups and downs, combined with for instance fiscal constraints due to the currency stability pact, it is generally accepted that putting an end to these somewhat luxurious regulations and even extending the official retirement age, at least in the forms of bonus-malus regulations, is unavoidable. Channelling resources mainly through the wage has become problematic as a result of what we refer to as the ‘shrinking middle’. Social policy in capitalist welfare

states, i.e. in highly productive knowledge societies, even produces what we call the ‘paradox of the shrinking middle’.

The parameters of the ‘middle’ of the life course are set by differently institutionalized beginnings and endings of waged employment. Recent pressure to intensify and extend employment in the ‘middle’, including in particular the expansion of women’s employment, in order to counter the opposite pressures of the shrinking middle, arises from more prolonged education, and increased longevity. We argue that longevity increases with growth thereby continuously tending to decrease the size of the institutionalized ‘middle’ in proportion to the lengthening duration of the life course. While resources, first of all classically channelled through the wage, decrease (because of shorter periods of work participation and an ongoing decrease of the wage rate), increased means are necessary to finance the logic of our instituted polities. The paradox of the shrinking middle therefore highlights the interactive effects between social policy areas concerned with labour market activation, educational reform including life-long learning, pension reform, child care provision, and the changing gender contract (Lewis & Giullari 2005, Pateman 1988).

The second approach used is that of instituted biographical norms, known as life-course regimes (Kohli 1986). Since pension systems implicitly and most obviously are a life-course regime, pensions are the most obvious analytical measure of life-course norms: compliance with the normative life course is reflected in pension entitlements. ‘New social risks’ (Bonoli 2005) such as unemployment and flexible employment bear transition costs also for pension entitlements which are

generally not covered. In addition, life-course norms, instituted in pension formulae, became more strictly related to ideal labour market participation. Thus, while transition costs for employees have risen, the welfare arrangements are even much less laissez-faire towards compliance with the social rights norms.

In addition to this general difficulty of life-course regimes, life-course norms in the sense of pension formulae are becoming much more unified, while the actual life courses vary more than ever before. Women's life courses in particular still continue to differ considerably from the life-course norms that have been adapted, albeit inadequately, by minor rectifications to the originally male-oriented life-course norm.

Therefore, taking pensions as a starting point for this thesis is appropriate for both approaches used in order to better understand the dynamics of citizenship. From the resource flows point of view, Ferrera and Rhodes are right when they say that 'pension reform remains the key for solving the allocative and distributive dilemmas of the welfare state' (2000: 270). Approached through the perspective of the 'shrinking middle', pensions are a very challenging resource flow. From the life-course point of view, pensions serve as an indicator with which to analyse the adequacy of welfare arrangements in times of changing labour market conditions, household formations, linked lives, and so forth. The dynamics of both intragenerational and intergenerational contracts inherent in social systems, and, by that, valid between the citizens, can be analysed when combining these two approaches.

1.2 Dominant approaches

The discourse on pensions is dominated by numerous dichotomies. Pension terminology makes a distinction between defined contribution (DC) and defined benefit (DB) schemes, Pay-as-you-go (PAYG) and fully-funded (FF) pension schemes, public and private pensions, as well as more general dichotomies such as the state and the market, the individual and the collective, to name but a few. This doctoral thesis criticizes the use of such seemingly opposing concepts. It is true that some may help to explain specific pieces of the welfare cake, however, the inherent logic of dichotomies, i.e. simplification, may result in oversimplification. In addition, simplification may misguide analyses. Moreover, the complexity of the subject is simplified. In contrast, the combination of the two approaches used in this thesis does have the potential to meet the complexity. A few examples may show which dichotomies are meant.

Private pensions, for instance, were always subsidised by financial means from the public purse and they are still, if not increasingly so, encountered in the overall pension systems. For instance, in the Netherlands and Germany some private pensions are not only state subsidised but also belong, as opportunity or necessity, to the calculation formula to reach the normative pension level. In addition, several private pension provisions are highly regulated and even supervised by a state's organ to avoid pension disasters as experienced in the UK and the US (Blackburn 2003).

The difference of DC and DB is smoothed in the concept and practice of notional defined contributions (NDC), as introduced in Italy, Germany

and Sweden, but also in organizing pension funds in more sophisticated ways as, for instance, in the Netherlands. Even more fantasy could be used to (re-)distribute property rights of pensions (as a ‘societal property’) and to more democratically share gains and losses between and among different cohorts (Musgrave & Musgrave 1989, Myles 2002). An example would be the virtual pension funds introduced in some European countries, which until now has been rather unsuccessful. The opposing concepts are extenuated through all kinds of indexation and calculation formulae.

The production and circulation of the various resources, including the resources for financing pension entitlements (in fully-funded systems, FF, and pay-as-you-go systems, PAYG, alike, see Cesaratto 2005) is an inherent component of capitalist logic, however differently instituted. Therefore, the dynamics underlying the flows of resources are of great importance, and cannot satisfyingly be captured by typologies of welfare regimes, such as the well-known regimes elaborated by Esping-Andersen (1990). Pensions form a very peculiar resource due to the fact that they cannot be conceived within a conception of classical property rights (Richard Musgrave for instance, understands social rights as meritoric goods, i.e. impure public goods). Although PAYG and FF systems are quite different, in relation to time scales as well as property characteristics, all pensions depend on economic growth.

The list of opposing terminology also includes more general concepts that go beyond the purely pension related ones. First of all, there is the dichotomy of state and market. This opposition is emphasised by, among others, Gøsta Esping-Andersen and his understanding of

decommodification (2000). As does Ann Orloff (1993), he attributes a positive connotation to decommodification understood as social rights which as a precondition require commodification. Thus, for gender equality, women, still disproportionately active in the (unpaid) household economy, need to participate in the labour market economy and their (care) tasks need to be commodified to have them decommodified afterwards. This brings along a defamiliarization of care while it contradicts the fact that care cannot totally be commodified (Knijn & Kremer 1997, Lewis & Giullari 2005). Yet, even if care could be fully commodified, the dominance of the male-oriented norms would remain. Most provocative, Esping-Andersen's argument to 'free' women from family obligations and to let them earn money explicitly justifies gender-discriminating wages and labour markets. Furthermore, it aims at contributing to the wealth of the children only. He is not interested in degendering the systems but in preventing future child poverty (Esping-Andersen 2002).

This understanding of decommodification is closely related to the concept of individual, rational, choice as put forward by Katherine Hakim (preference theory). Whether women devote their life either to care or career (sic), the duality of women's 'life aspirations', would purely be a question of choice. However, many factors influence the choices of parental labour market participation, and many of those are related to welfare arrangements (care facilities, child rearing benefits etc.).

The dichotomy of state and market contradicts both the multi-modal economic concept explained above as well as the life course approach. A

huge amount of literature, particularly from Canada, clearly shows that life courses are multiply interlinked. Academics, therefore, do not speak about individual lives but about ‘linked lives’ or ‘unequal tandem arrangements’, to give the most important quotes with respect to the individual choice debate (see for instance the book edited by Heinz & Marshall 2003, Moen & Sweet 2004). These terms inherently refer to the 1.5 earner household, the family wage relicts still dominant particularly in tax systems (Dingeldey 2001), the implicit or explicit gender segregation of various components determining the wages, and thereby the entitlements to social rights. In short, they refer to the ‘utopia of the adult worker’ (Ostner & Knijn 2002: 151).

The state market dichotomy also points to the discourse on neo-liberal developments. And as several state-market opposing concepts are inherently refuted in the articles presented, the concept of purely neo-liberal developments is one of them. It is refuted by showing that there is sound proof also of neo-etatistic developments and, particularly, of a mixture of both these developments when analysing pension reforms¹. We refute neo-Marxist approaches, which perceive the state as a vehicle for the capitalist economy and a servant of the claims of the market economy by using the approach of instituted economic processes and by analysing the complexity of interests, norms and measures related to pensions. Recent definitions of neo-liberalism as a re-regulation (instead of de-regulation or withdrawal of the state) which could be put in line with Polanyi’s approach, is a rather optimistic one, assuming that

¹ This mix is more explicitly analysed in the article ‘Towards a neo-liberal Europe? Ambiguous lessons from pension reforms’, Patricia Frericks, Robert Maier, Willibrord de Graaf, submitted to *Administration and Society*.

improvement is possible. However, this thesis emphasises the multi-modality of the economy and, therefore, it uses a highly interlinked concept instead of two opposing entities such as the state and the market.

Another generally used dichotomy is that of the public and the private. It is related to that of state and market, it is, however, more commonly used when analysing citizenship. The origin of this differentiation is based on Aristotle's distinction between *oikos* and *polis* even though their concrete meaning and the character of their linkage in particular, is controversial (Arendt 2002). Ruth Lister (2003) makes it clear that this differentiation is the crux of all (institutionalised) gender segregation in welfare states. The public and the private are socially and culturally embedded. Nancy Fraser also tries to overcome the distinction in her philosophical debate with Axel Honneth (Fraser & Honneth 2003) as well as in her post-industrial utopia on social systems (Fraser 1997). The inclusion or exclusion of citizens is mainly related to this differentiation, mainly but not only in terms of social rights. Overcoming this distinction would lead to the ideal of an 'inclusive citizenship' (Knijn & Kremer 1997). While facing the 'inability to de-gender care work', labour market policies might nonetheless contribute to the 'further erosion of the family wage system' (Knijn & Ostner 2002: 155f). By that, it may contribute towards defamilializing welfare and capitalist economic systems, corresponding to the close interrelation of the *oikos* and the *polis*.

All these terms, defamiliarization, individualization, decommodification, still bear the risk of avoiding thinking about care tasks as still mainly performed by women and, independent of the degree of

commodification, it remains necessary to provide care as a non-commodity. It could help, and fit the Polanyian resource flow approach used in this thesis, to follow policy recommendations to value care as part of GNP. Until now, ‘care is uncounted in calculations of the gross national product even though it is vital for the production work of every society’ (Hofmeister & Blossfeld 2006: 447).

The last dichotomy I want to list here is that of self-interest versus solidarity. Thanks to the holistic approach of both the instituted economic process and the life course, this dichotomy can also be refuted. A complex nexus of institutions of welfare states, economic developments, culture etc. influences the relationship between the individual and collectivity. Different solidarity groups and solidarity reasons, which result in varieties of inclusion and exclusion, lead to different self-evidences. In Sweden, for instance, the understanding of solidarity is very different from that in Italy, for example. One might think of differences concerning full-time working women, mothers in particular, state-supported life-long learning programmes, solidaristic and educational meaning of care facilities, and so forth. This again stands in huge contrast to a rather consumerist concept of citizenship, emphasising individual choices, as can be observed in the US and to some extent in continental Europe (e.g. developments in the Netherlands and in Germany). (Public) Space for solidarity, also in terms of different life courses, whether they are freely chosen or constrained by micro or macro circumstances or institutions, depends on resources. Without this space for solidarity, welfare states’ opportunities to manoeuvre on common goods and ‘solidaristic elements’ (Myles 2002) and to

contribute to solve the Prisoners' Dilemma is null and void. But governing common goods and redistributing limited goods, understood here in the widest sense, is the legitimacy of welfare states as such. Here, again, the two concepts used come full circle and link the 'activeness' solving the Prisoners' Dilemma to the triangle of recognition, justice and solidarity. This close link between the individual and the collectivity corresponds to the argumentation of Durkheim, Sen, Ewald, Arendt and many others.

Consequently, pension discourse and pension politics are situated in a variety of ideological constraints (such as, for instance, the named dichotomies), numerous diverging interests, and so forth. In order to profoundly understand welfare developments it is only of limited help to categorize country clusters, as done by Esping-Andersen and Bonoli, or pension pillars which is common in pension literature in academic writing as well as in institutional texts. Comparing pension reforms for a deep understanding asks for comparing the welfare systems as a whole due to the fact that pension entitlements result from a variety of components. They result from very different and complex pension norms and calculation formulae, and they reflect labour market conditions, historical developments of the power of varying actors, different societal norms etc.. In addition, pension rights cannot be understood without knowing the related welfare arrangements and the conditions attached, such as possible basic pensions, care facilities, but also subsidies for home ownership, free health care, differences in taxation, heating benefits and so forth, and the nationally unique linkage of all these different rights.

This is also one significant shortcoming of pension statistics. Imagine two pensioners living in different European welfare states, who receive the same amount of pension benefit; for the sake of simplicity we will ignore the pension source. The welfare system in the country of pensioner A fully tax loads the pension benefits afterwards. The welfare system of the country of pensioner B, however, does not tax pensions. In addition, it offers free health care, free geriatric care, and free public transport for the elderly. On the other hand, country A offered subsidies for young homeowners and it transfers money to each retired person to ensure that they can pay for their heating. One could go on to imagine differences like this which are in fact part of European welfare systems. This, in addition, is only a snapshot that looks at one amount of money and its relative value within different welfare arrangements. It ignores the challenge of pension systems of the time shift between building up entitlements and receiving the benefits, and all other kinds of gliding developments within the enormously complex nexus of pension factors (the linkage between schemes, the changing regulations on pension levels and pension investments, developments in pension ages and derived rights, and so forth). All these differences that relativize pension benefits have then to be understood against the background of local differences of market prices and informal exchanges.

1.3 Structure and meaning of the thesis

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. To answer this question it is first of all essential to understand well what is going on in the different

reforms. Corresponding to the scope of the articles, which is always limited², we analyse the shifts in finances, including shifts in resource flows, shifts in sources and responsibilities and shifts in calculation techniques. In addition, we analyse developments in pension norms, as one form of life-course norms. However, pension policy is very much related to other policies such as labour market policy, and therefore, pension norms do not in the first place reflect actual life-course necessities. These parallel and interlinked changes of pension finances and pension calculations do have a profound influence on the meaning of pensions. They influence the identities of future and present pensioners, they create new inclusions and exclusions by either enabling or not specific people to comply with actual pension norms, and by redefining particular solidarities they change societies.

The second question in this thesis concerns the particularity of women when redefining social rights. Pension analyses often focus on snapshots, particularly on actual pension income. This is not very meaningful for future pensions that are based on present and past pension calculation norms. We are currently witnessing the individualization of pension rights, the decomposition of derived rights, and an intensive recommendation of private and self-responsibly managed old age financial security. As everyday life and academic research show, pure individualization of lives, at least without some form of shared responsibilities, is impossible. Care may serve as an

² Publishing articles of course involves many limitations. First of all, limiting the possibility to include literature unfortunately hampers doing justice to all relevant contributions. In addition, reviewers' concerns easily cause overlaps of different articles. The overlap of the articles included in this thesis is reasonable, nonetheless, I would like to apologize for them.

example. But also the strict individualization of resources is impossible, particularly of resources that need a specific stability over time, as pensions do. In addition to these conceptual impossibilities, there are other well known reasons why strictly individualized systems, at least at the moment, cannot work satisfactorily. The pension calculation norms were developed for the family as the unit and the male as the breadwinner. The structures of this model are still dominant in various pension relevant factors - institutional, cultural and social ones. To give two examples: the labour market, still the most important pension factor, is differently gender segregated in wages, functions, labour market participation habits, and so forth; welfare systems, including various benefits and entitlements, contributions and taxation, work on gender differentiated structures (in some cases called family friendliness). These two lines of argumentation (the impossibility of individualization and the non-existence of real individualization) show that it is women's pensions that are paradigmatic for the successful reform of pension systems claiming to implement individual justice.

The third question in this dissertation concerns the kind of normative and practical justice that could be advanced to legitimize social rights as part of citizens rights. Currently, pension policies and pension debates are mainly of a technical nature. The few that ask normative questions about ideal systems are mostly approached either through a purely male vision, or through a purely feminist one. Both kind of approaches, technical and ideal, are inadequate to solve the challenges that present capitalist welfare systems are facing. Using the approaches of the life course and the flows of resources will enable us to analyse the

legitimacies and illegitimacies of different life courses and their practical impact on micro and macro finances, i.e. the resource flows. Legitimacy of (social) entitlements needs to be analysed from both practical and normative considerations. We do this by analysing system inherent interests. This approach is based on our long-term understanding of sustainability as well as on our effort to do justice to the complexity of capitalist welfare systems. Therefore, we include societal interests and place citizens rights in relation to the polity.

These three questions form the leitmotiv of the different articles that go to form this doctoral thesis. The analysis concentrates on European capitalist welfare states. I focus on their organization and the legitimation. In contrast to many others (Fraser 2003, Olsen 2006, Sen 1988), I am not interested in the decision-making process. Therefore, this thesis does not contribute to the numerous efforts to conceptualize any ideal democratic visions. Concentrating on the pros and cons of their developing institutionalization, I take the analysed systems for what they are: representative democracies. Apparently, the tenor of this thesis shows an optimism about the multi-causal changes in societies which is comparable to that of Axel Honneth: although far from being a linear development, the process analysed is, in the end, a progress.

This interdisciplinary and comparative research uses data from different national and European databases. As stated above, one has to be careful when using such data due to different interpretations of their meaning (for instance, the different interpretation of the national data on Danish pension benefits and the European data on Danish pension benefits, leads to very different results concerning poverty rates). There is, for

instance, an ongoing debate about how to comprehend the developments on the labour market and whether to conclude that more people are in paid employment (women) while the number of socially secured employment remains unchanged or that socially secured work is on the decrease. Both conclusions would, however, contradict the promoted aim of workfarism and commodification. Currently, there is considerable debate about improving statistics. Unfortunately, however, data comparability is very limited as will become obvious for the reader later on. Due to the fact that pensions are the prefiguration of process (all variables change within the related time) a further statistical difficulty is obvious: long-term data are scarce and they refer to very different circumstances. Another problem of pension analysis, particularly when focussing on gender pension gaps, is the inadequate disposability of gender differentiated data on the different pension benefits. This is more problematic in some countries (for instance the Netherlands) and less problematic in others (for instance Germany).

Therefore, this dissertation follows a logic that is different from, for instance, a comparison of de facto income situations at one specific moment. This contribution combines wage gaps and employment gaps with the official pension norm to analyse all the different pension relevant factors, such as care, education and institutional influences.

I incorporate five articles in this doctoral thesis. The line of publications is as follows: First of all, the article on ‘The gender pension gap: effects of norms and reform policies’ presents an overview of the issues at stake when building up pension entitlements. The four different pension determining factors analysed in this article are relevant to all European

pension systems. These factors are: (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. This overview, already pointing out the gendered effects of pension norms and pension reforms, is followed by two case studies on systems that exceed pure labour market-oriented reasons for social rights.

The first case study - ‘Shifting the pension mix: consequences for Dutch and Danish women’ - analyses the influence of the existence of universal non-means-tested basic pensions in pension systems. The second case study - ‘Male norms and female rectifications: the influence of care credits on gender pension gaps in France and Germany’ - analyses, on the other hand, the effects of pension care credits on gender pension gaps. Both these measures, universal basic pensions and pension care credits, are highly recommended by, for instance, the European Union, as a solution to women’s lower pension entitlements. They are also considered by the British system to fight female poverty in old age. Since I focus on the dynamics of (gendered) citizenship and not on old age poverty, I show that these facets of pension systems, although potentially improving women’s pensions, are far from being sufficient to solve the problem of (huge) gender pension gaps.

These case studies are followed by a theoretical analysis of pension reforms. ‘Pension reforms in Europe and life-course politics’ shows that

the institutionalization of pension systems is highly problematic and needs to be approached through an adequate, coherent and holistic concept. This concept necessarily includes both the life-course concept and the resource flow concept, as explained above.

I round off my thesis by theorizing ‘Worlds of legitimate welfare arrangements: a realistic utopia on pensions’. This chapter, however, does not even attempt to develop a normative utopia. On the contrary, it is based on the internal logic of present-day capitalist welfare economies. With all the limitations that were to be expected, we attempt to develop a sustainable capitalist welfare economic system. Not surprisingly, this sustainability aims to encompass life courses and resource flows.

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

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in

The Political Economy of Pensions: Politics, Policy Models and Outcomes in Europe, M. Kohli and C. Arza (eds), Chapter 8, London/New York: Routledge, forthcoming 2007.

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 Riester-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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3 Shifting the pension mix: consequences for Dutch and Danish women

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in

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Abstract

All European countries are aiming to reform their pension systems in line with two conceptual ideas: firstly, systems should combine public, occupational and private pensions; secondly, entitlements should be individualized. The Dutch and the Danish pension systems already consist of these three different pensions with relatively individualized entitlements and in a way form an ideal type of pension system.

However, these systems are far from ideal since they are deeply gender biased. The positive effects of citizenship-based state pensions conceal the negative ones. In addition, recent developments in the combination of the pension schemes counteract the positive effects. Given the male-oriented norm when it comes to full pension entitlements, and given the fact that life courses are still gendered, these countries' systems and developments have negative effects for women.

Keywords

Denmark; Gender; Pension mechanisms; Pension reforms; The Netherlands

3.1 Introduction

EU objectives (EC-Report 2003), World Bank reports (1994 and, slightly modified, 2005) and National Action Plans (NAPs 2002) aim to restructure pension systems so that entitlements should be built up through public, occupational and private schemes. The importance of (additional) occupational pensions is meant to be extended and accompanied by retrenchments within public pensions. Although

systems within Europe vary considerably, this shift has one tendency in common: in practice women's pensions in particular are strongly affected because fewer women than men have occupational pensions, and where they do, the amounts of their entitlements are lower (Sainsbury 2001, Veil 2002, Nicoletti & Peracchi 2003, Anderson 2005).

This paper examines how the shift towards strengthened occupation-related pensions will influence more and more gender differences in countries that have a Beveridge type of basic pension, such as the Netherlands and Denmark. Both countries have relatively well-developed multi-pension systems, and both have a well-developed state pension following the residency principle. These kinds of universal public pensions are often considered to work out very positively for women (Leitner 2001). However, this is only partially right: they do not per se prevent poverty and they may incorporate many disadvantages for women, as can be found in both the Dutch case and the Danish case. Recent trends, such as reducing the level of basic pension entitlements, a stronger dependence on additional pensions and the individualization of pension entitlements, are considered to be gender neutral (Maier 1999). However, they are particularly problematic for women. This paper focuses on mechanisms that will lead to increased gender differences in such systems.

We focus on the most important factors and developments of the two systems. The Dutch and the Danish pension systems do not have as much in common as it might seem at first glance: the specific combination of measures has different results. In both countries this has a considerable impact on women's pension positions. To fully analyse

all the gender impacts of just these two old age pension systems would go far beyond the scope of an article. It is the intention of this paper to point out largely ignored but important elements of shifting pension mixes. This study concentrates on a number of general and specific mechanisms and tendencies. It is not the aim of this contribution to discuss the normative challenges.

There is much literature related to the subject of this article. Different aspects are touched upon and it is not possible just to name the most important contributions or experts. On the theoretical level of welfare states and pensions respectively, we emphasize the work done by Myles (2002), Pierson (2001), and Bonoli (2000) and the distinction they make between social insurance and multipillar systems. The focus on gender and pensions has already been put forward by Ginn (2004), who paid special attention to the British case, and by Veil (2002), who did excellent work on Germany and France. The gender debate was influenced, for instance, by Lewis (2002) and Sainsbury (2001). This article makes a contribution towards a better understanding of different gender relevant aspects of systems that are seen as worth adopting. In the UK, for instance, there is debate surrounding the advantages of a basic pension as it exists in the Netherlands and in Denmark.

After introducing a number of conceptual problems, this article takes a closer look at the different pension schemes and the care factor, and ends with conclusions on important mechanisms.

3.2 Conceptual framework

Before we analyse and make a rough comparison of the two pension systems, it is necessary to clarify some terms as well as a number of concepts that are used to compare pension systems. While many researchers compare welfare systems as a whole and divide them into three or four types of welfare states (the huge amount of literature following Esping-Andersen's categorisation of 'The three worlds of welfare capitalism') some other researchers face considerable difficulties when comparing only one dimension of welfare states, such as pension systems (Becker 2000, Leitner 2001). A comparison of pension politics in three small states, Denmark, Sweden and the Netherlands (Anderson 2004), shows that despite differences in the pension systems, outcomes are similar. However, the analysis does not focus on the position of women. Numerous factors have to be understood and taken into account, so that categorisation tends to lead to less understanding rather than a better understanding. Categorisations say too little to understand the important similarities and differences within the dynamic process of social rights' development (for activation policies see, for example, Van Oorschot & Abrahamson 2003). 'Beveridgian', for instance, is, to a certain extent, appropriate for both countries' pension systems, the Dutch and the Danish ones, but also for the very different system in the UK. And referring to the Dutch system as 'hybrid', 'continental' or 'corporatist', while Denmark and Sweden are termed 'social democratic' is misleading when it comes to pension systems. The pension systems in the Netherlands and Denmark are comparable, as well as, for instance, the important position of social partners (Green-Pedersen 1999, EC-

Report 2003). For this reason, instead of using categorisations, this article analyses both systems' similarities and differences with regard to pension mechanisms.

The conceptual framework of this article involves the difficulty of separating different pension schemes while each country has its own different way of financing and combining the different pension entitlements. Nevertheless, to improve the comparability of pension systems, we make a distinction between basic pensions, occupational pensions and private pensions.

When making a comparison one should be aware of the difficulties and the relativity of such differentiations. First of all, the concrete connections between the different pensions are hardly comparable at all. For example, the public and the occupational pensions are linked to each other, but in a different way in both countries. A clear categorisation is also difficult for private pensions, due to the fact that they are, in one way or another, subsidized by the state. In addition, it is difficult to clearly differentiate between pension schemes, other benefits (such as services, cash benefits, means tested minimum rights) and direct or indirect contributions, for example, through different forms of taxation. We therefore do not assume that the public and the private can be clearly separated. There is no such simple dichotomy (Knijn & Kremer 1997, Sainsbury 2001; Harvey & Maier 2004). Moreover, statements that PAYG systems categorically imply more solidarity than capital funded systems are criticized by many researchers as being just apparently true (and in contrast, for instance, with schemes within the Danish system, as we will show). As far as Dutch and Danish basic pensions are

concerned, the question is the extent to which they are unconditional and individual citizens' rights: the Dutch *AOW* and the Danish *Folkepension* are far from being twins. And finally, care credits, which are generally recommended by the EC-Report (2003), do not form part of the systems analysed. Yet care and motherhood do have important, although varying, impacts in the two systems. Therefore, the fact that pension schemes are embedded in the unique welfare system influences comparability. This complexity also necessitates making several cross-references within our analysis.

The second point is the comparability of the data provided. Only some pension-determining factors can be substantiated. The enormous complexity of the issue requires both qualitative and quantitative data and a high level of interpretation in order to analyse the gender dimension of pension systems.

Therefore, when comparing and analysing the most important gendered factors of the two systems, both the structure and embeddedness of pension schemes, and the divergence in the data provided, have to be taken into account.

3.3 Comparison and evaluation of Dutch and Danish pension systems with respect to gender differences

To avoid losing the reader who is not used to reading about pensions or who is not familiar with the countries' systems, we begin with a general overview of the different pension schemes in these two countries (see table 3-1).

Table 3-1 Overview of Dutch and Danish pensions

	Basic	Occupational	Private
NL	AOW	Mandatory	(Tax subsidised, under certain conditions)
DK	Folkepension (+ means tested supplement to reach a guaranteed minimum income)	Mandatory: ATP max. 40% of the Folkepension (+ additional)	(Tax subsidised, under certain conditions)

*In parenthesis means not necessarily

3.3.1 Basic pensions

In both countries, basic pensions are a very important source of income in old age. However, the relative and absolute pension value of this basic pension changes, so that wage-related pensions increase in importance. This development is a gendered one, as we will show in detail. Special attention is given to the degree of individualization of basic pensions, to gendered dependency on basic pensions, to the apparent poverty-preventing effect of basic pensions, and their developments in terms of retrenchments, changed indexation or conditionality.

Both countries provide work-independent universal pension entitlements based on duration of residence, financed by general taxation in Denmark and by contributions on all earned income in the Netherlands. The level of this flat-rate benefit is indexed to wages: to the minimum wage in the Netherlands, and to private sector wages in Denmark. Although these entitlements are individual rights, the Dutch system differentiates

between households so that the AOW (basic pension) of a single household is 70 per cent of the minimum income and the AOW for a couple's household is 50 per cent per partner, i.e. 100 per cent per household. Therefore, the Dutch AOW is not completely an individualized right. We will return to this differentiation when we analyse the link between the basic and the occupational pension, referred to in Dutch as Franchise (see below).⁹

In both systems the basic pension is the most important source of pension income. Yet in Denmark, in 2002, 64 per cent of pensioners received the full supplement (EC-Report 2003). This supplement is a means-tested pension right, i.e. it is given to pensioners who have not built up sufficient additional entitlements. Together with the basic amount (1998: basic amount = € 524, means-tested supplement = € 153; Becker 2000, Nom-Nos 2003 for 2001), it builds the guaranteed minimum income of older people (total € 677). This guaranteed minimum income is similar to the Dutch basic pension (€ 663).¹⁰ Therefore, the general, non-means-tested basic pension in the Netherlands is much higher than the Danish one (€ 663 versus € 524). In addition, in contrast to the Dutch basic pension, the Danish (non-means-tested) one is conditional: it is deducted from high individual earnings. The Danish conditionality of basic pension entitlements levels off

⁹ For the Danish entitlements, see NAP [DK] (2002) and Nom-Nos (2003: 124). The basic pension is individualized. Supplements and taxes lead to differences between households.

¹⁰ This is the amount per person of a couple's household including vacation benefit (SZW 2004). The single AOW amounts to € 921 plus vacation benefits. The Danish and Dutch systems have additional child rearing supplements (Nom-Nos 2003: 123, SZW 2004). The figures are before tax. Dutch pensions are taxed less than wages, while Danish pensions are fully taxed. On the other hand, there are many free services for Danish pensioners that are not for free for their Dutch counterparts, such as home care or health services. Those combinations show the relativity of cash benefits: they have to be seen in the national context.

pension entitlements towards the generally lower pensions of, for instance, women much more than the Dutch system does.

In general, basic pensions are seen as having a positive effect when it comes to preventing poverty. However, this assumption is not necessarily correct. Both countries, while offering basic pensions, do have different at-risk-of-poverty rates. In Denmark, the at-risk-of-poverty rate is much higher in old age than before the age of 64 (both above EU15 average) and for women it is even higher than for men, while in the Netherlands, gender does not make any difference and older people are less at risk of poverty than younger people (and far below EU15 average, see table 3-2).

Table 3-2 Background statistics

	Denmark			The Netherlands			EU-15		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
(1)	5/12	4/10	6/14	6/4	6/4	6/5	10/9	9/7	10/10
(2)	7/31	7/26	8/35	11/7	11/7	12/7	15/17	15/15	16/19
(3)	0.68	0.70	0.66	0.93	0.98	0.89	0.89	0.92	0.86
(4)	76.2	80.2	72.0	74.1	82.7	65.2	64.1	73.0	55.0
(5)	58.0	63.0	49.8	39.6	50.5	28.0	38.8	48.3	28.7

Source: EC-Report (2003).

Recent income situation (1999 ECHP data)

(1) At-risk-of-poverty rate (at 50% of median) (0-64/65+)

(2) At-risk-of-poverty rate (at 60% of median) (0-64/65+)

(3) Income of people aged 65+ as a ratio of income of people aged 0-64

Employment (2001)

(4) Employment rate (15-64)

(5) Employment rate (55-64)

This leads to two conclusions: firstly, while the Danish guaranteed minimum income, consisting of the basic pension together with the means-tested supplement, is similar to the amount of the Dutch basic pension, Denmark has, nonetheless, a rather high at-risk-of-poverty rate of people over 65. This shows that the basic pensions alone are not sufficient to counteract poverty. Secondly, for three-quarters of Dutch people over 65, the basic pension represents about half their total gross income (SZW 2004). This means that most Dutch people, in contrast to their Danish counterparts, build up additional and apparently poverty preventing entitlements.¹¹

Caused, among other things, by difficulties within the generation contract (Keyword ageing), PAYG financed pensions have faced significant retrenchments without being directly attacked. Also in the Netherlands, due to rather technical procedures such as the de-indexation of the minimum wage from real wage growth, the basic pension as a percentage of the average gross salary decreased by 25 per cent between 1980 and 1998 (Delsen 2000: 151). The so-called Cappuccino-Mix of the Dutch pension system – with coffee as the basic pension for all, milk as the occupational pension for workers, and cocoa as the private pension from additional investments – seriously changed the proportion of its ingredients and reduced the universal ingredient: the coffee (see table 3-3). This shift, the reduction of the AOW in particular, mainly affects women due to their greater dependency on the basic pension

¹¹ Within this context other factors gain in importance such as the percentage of rented or owner-occupied housing in old age, called the ‘fourth pillar’ in the recent World Bank report (2005). Including several additional factors within their national calculation of poverty rates, the Danish numbers differ considerably from the European ones (both in EC-Report 2003: Denmark).

(CBS 2000: 16, 20). To extenuate the process of individualizing pensions in the Netherlands, ‘extra coffee’ was given in the form of an AOW supplement for the younger (i.e. not yet retired) partner of a pensioner, which is generally the woman. This partner allowance within the basic pension will be phased out in 2015. Widow’s pensions are also to be minimized (EC-Report 2003).

Table 3-3 Proportion of pension schemes in the Netherlands

Year	AOW	Occupational pensions	Private pensions
1980	85-90%		10-15%
2004	50%	40%	10%

Source: Bösch-Supran (2004).

The Danish basic pension entitlements are linked to private sector wages at a level that, in connection with all additional services, is considered to be ‘politically [...] fair’ (NAP [DK] 2002: 8). Although this sounds quite vague, it has to be seen against the background of Danish pensioners’ powerful lobbyism (Green-Pedersen 1999). For most pensioners, the basic pension is the most important one, supplemented either by means-tested benefits or by the relatively low Supplementary Labour Market Pension Fund (ATP, see table 3-4), which amounts to 130 per cent of the means-tested supplement¹². This ATP amounts to a maximum of € 2,410 per year, i.e. 40 per cent of the basic amount; therefore, the ATP is a very low entitlement. And, although the ATP scheme is obligatory, more than a quarter of all pensioners do not receive any ATP benefits, and

¹² The ATP is work related because it is paid by contributions from employers and employees. However, the contributions are felt as a form of tax and the entitlements are (in contrast to those of other Scandinavian countries) not income related but time related, i.e. the duration of paying contributions determines the entitlements.

most pensioners do not have other entitlements (NAP [DK] 2002: Appendix 2).

Table 3-4 Percentage of Danish pensioners entitled to the different pensions in 1995 and 2015

Year	Basic security	Income security
1995	Folkepension: 100% ATP: 75%	Occupational pensions: 15-20% Private pensions: 10-12%
2015	Folkepension: 100% ATP: 95-98%	Occupational pensions: 75-85% Private pensions: 25-35%

Source: Nordheim Nielsen (1998) in Schmid (2002: 128).

It is therefore obvious that basic pension entitlements have a primary position for the large majority of Danish pensioners. Nevertheless, if new arrangements are accepted in the sense of shifting the pension mix, and they are already in the offing (NAP [DK] 2002: 11-14, Schmid 2002: 128), it is first of all the position of women that will come under pressure due to women's even greater dependency on the basic pension.

3.3.2 Care

In both countries, care, and parental leave in particular, is structurally gendered. Not surprisingly, care leads to gendered pension effects. This section shows how this works in detail, and analyses factors such as pension care credits, child care facilities, gendered take-up of parental leave, half-hearted implementations of de-gendering concepts and the influence of costs related to parenthood.

While some European countries introduced care credits in their pension systems, neither the Danish nor the Dutch system is meant to be extended by such credits because of their universal basic pensions. In

both systems, additional pension entitlements can exclusively be built up through labour market participation or private investment. Both systems assume that each person should fully participate in the labour market. But even in Denmark, where women have one of the best labour market positions in Europe, they are far from reaching the participation rate and wage level of men (see table 3-5).

Table 3-5 Gender differences in labour market participation in Denmark

Age	Labour market participation	Employment rate	Proportion of persons outside the labour market	Proportion of part-time employed
16-19	-5.5	-5.6	5.5	16.2
20-24	-6.7	-6.7	6.7	12.1
25-29	-7.0	-7.8	7.0	2.5
30-34	-5.6	-6.6	5.6	0.9
35-39	-3.9	-4.5	3.9	2.2
40-44	-2.8	-2.9	2.8	4.9
45-49	-3.3	-3.2	3.3	7.9
50-54	-7.2	-7.2	7.2	9.9
55-59	-15.0	-14.9	15.0	11.5
60-66	-17.6	-17.2	17.6	15.7
16-66	-7.8	-8.0	7.8	6.8

Source: Statistics Denmark (2001), in Emerek (2001: 28).

Although neither Denmark nor the Netherlands provides care credits in their pension systems, childbearing and childrearing affect Danish women differently than their Dutch counterparts. While Denmark has quite well-developed child care facilities, and reducing waiting lists is on the agenda, there is a lack of such facilities in the Netherlands. Nevertheless, the positive influence of the mainly state-paid child care facilities in Denmark should not be overestimated. Care facilities are

guaranteed from the age of one, while parental leave is possible for 32 weeks (this unconditional parental leave was reduced from 52 weeks in 2002; any further leave depends on agreements). Furthermore, it is mainly the 3 to 5 year-olds that are looked after in such institutions (92 per cent in 2000), while this is only the case for 56 per cent of the 0 to 2 year-olds (Wehner & Abrahamson 2003). Therefore, the combination of parental leave and existing care facilities shows probable consequences for labour market participation and, as a consequence, pension levels. Pension entitlements for related additional parental leave, however, have to be bought individually.

In 2002, parental leave taken by Danish women remained at 93 per cent and was taken mostly when children were between 6 months and two years old (Warren 2000: 3). Although it is possible for Danish fathers to take parental leave, the wage loss for the family is greater because parental leave entitles the person taking the leave to benefits equal to those of 32 weeks of unemployment benefits (Warren 2000: 4). It is not surprising, therefore, that the so-called ‘free choice’ for parents within the Danish system is sharply criticized: ‘the choice might not be that free after all’ (Wehner & Abrahamson 2003: 36).

This criticism can also be levelled at segregation in the Danish labour market. For women who plan to have children, it is beneficial to be employed in the public sector, thanks to its additional family-friendly regulations and benefits. The wages, on the other hand, are lower and increase less than in the private sector (Warren 2000, Udenrigsministeriet 2004). Accordingly, the highly gender-segregated Danish labour market will remain gender-segregated as long as most

women's biographies imply motherhood. In short, even in Denmark 'the "costs" of having children are still gender biased' (Wehner & Abrahamson 2003, for a detailed criticism see Warren 2000).

The Dutch response to coping with care responsibilities differs from the care facility oriented system of the Danes. The Dutch developed an ambitious political vision of equally redistributing time for care and work between the parents (the so-called Combination Scenario). However, this gesture of goodwill lacks adequate implementation. For instance, by including other non-working periods such as training, sabbaticals and early retirement into a recently introduced concretisation of this concept (the Life Course Saving Scheme (Levensloopregeling), in force as of 2006), the value of care and the likelihood of de-gendering it became relative. This is a big problem due to the lack of care facilities. To reach the pension norm, it is necessary to be insured for 40 years. It is obvious that mothers do not often comply with this number of years. Furthermore, when Dutch mothers resume work, it is usually in part-time employment, again due to the lack of sufficient care facilities¹³. As a consequence of interrupted and part-time employment, they hardly build up any pension entitlements within the additional occupational scheme. Unfortunately, data on gender differences in occupational schemes are not systematically available (see below). Therefore, we have inserted a table on income differences that includes the pension gender gap (see table 3-6).

¹³ Yet even in Denmark, mothers often work part-time. In 2000 the unions' resistance to part-time employment decreased because, amongst other reasons, women stressed their need for more flexible working time to balance family and work. Nevertheless, the original reason for the unions' opposition remains: related wages are below the threshold for numerous social and employment rights (Warren 2000).

Table 3-6 Average income of the Dutch in 2004

	Number of persons (x 1000)			Personal income (€ 1000)		
	Total	Men	Women	Total	Men	Women
Total persons	10381	5613	4768	22.8	28.8	15.8
Total actives	7059	4148	2911	26.3	32.1	17.9
Self-employed	768	519	249	29.6	33.9	20.8
Civil servants	600	394	205	32.0	36.0	24.2
Other employees	5527	3126	2400	24.7	30.6	17.0
Other active	165	108	57	42.4	54.8	18.7
Total non-actives	3322	1465	1857	15.5	19.4	12.4
Disabled	492	265	227	15.2	18.1	11.8
Pensioners –65	398	194	204	22.9	29.2	17.0
Pensioners +65	1942	806	1135	14.7	18.5	12.0
Soc. Assistance	459	182	277	12.3	14.0	11.1
Other non-actives	31	17	14	20.0	25.3	13.5

Source: www.cbs.nl 2006.

Finally, some other factors concerning care and parental leave should not be underestimated, such as the debate surrounding ‘unwarranted’ non-insurance-related benefits¹⁴. The question is which resources, tax or contributions, should cover parental-related costs. Despite the absence of care credits, both countries face such costs as a result of parental leave or child care facilities respectively. Financial responsibilities of employers, for instance, could lead to indirect discrimination, such as reservations about employing (young) women (Warren 2000), or differentiating in or even withholding personal and skills training. In any case, although both countries, in principle, prefer to enable both parents to participate

¹⁴ The *ATP*, for instance, is paid by contributions. Since 1993 it has covered maternity benefits. Its contributions were doubled as from 1997 (NAP [DK] 2002).

equally in the labour market (the Combination Scenario in the Netherlands; full child care facilities in Denmark), labour market participation remains gendered.

3.3.3 Work-related entitlements

In addition to the work-independent basic pensions, Denmark and the Netherlands have occupational and private schemes. The obligatory occupational schemes are necessary to build up sufficient pension entitlements. However, due to the still gendered structures of pension norms, labour markets and care responsibilities, women face (1) many more obstacles in the way of building up full pensions, and (2) many obstacles in the way of building up pensions equal to those of men. Several factors that induce the final pension entitlements are subject to change, such as the labour market participation of women. However, the developments, some of which are controversial, are far from sufficiently overcoming the male breadwinner orientation of welfare systems. This section discusses some factors of calculation norms, the coverage and level of pensions, gendered labour market participation (part-time employment, older people), and the influence of opting out of the occupational schemes.

In the Netherlands, it is necessary to build up full basic and full occupational pension entitlements to reach the general pension norm of 70 per cent of the last income¹⁵. With less than full AOW and full occupational pension entitlements, pensioners face a pension gap. In fact, more than 90 per cent of those who are employed on a regular basis

¹⁵ It is becoming more popular to use 70 per cent of the average income as the norm. Whether this has positive or negative outcomes for women's pensions is controversial.

pay contributions within occupational pension schemes. The so-called white spot (*witte vlek*) of the remaining percentages is caused by conditions that mainly discriminate against typically female situations¹⁶. Although these conditions have been reduced, they are still responsible for huge gender differences among today's pensioners (see table 3-7), and even now there are still regulations that, contrary to the law, exclude part-time employees from participating in occupational pension schemes (SER 2002: 26).

Table 3-7 Percentage of Dutch employees without occupational pension provisions

	Women	Men
Full-time employed	7.3	3.8
Large part-time	4.3	1.7
Small part-time	6.4	4.3
Non-regular	58.6	28.0
Total	19.8	5.8

Source: Nelissen (2001).

However, even if the Netherlands succeeds in reducing the white spot (with the official aim of including 100 per cent of employees in occupational pensions, compared with the aim for the Danish *ATP*; see table 3-3), this still says little about the level of entitlements. Only few build up full entitlements: no more than one-quarter in 1993 and an expected 31 per cent of men and 24 per cent of women born in 1970 (De

¹⁶ Age at accession, qualifying periods, specific reasons for exclusions, temporary employment (SER 2002).

Graaf & Maier 2001). Full entitlements still depend on a 40-year working biography, while mothers often interrupt their work. This inconsistency is comparable with that of the Danish system: Danish mothers, too, often interrupt their working biography while full *ATP* entitlements have to be built up within 35 years of employment. This obligatory *ATP* scheme is not an additional pension in the Dutch sense since it is seen as part of the relatively low basic pension (see above). In Denmark, participation in occupational pension schemes is much less than in the Netherlands. Just about 68 per cent of the old age pensioners receive benefits from the obligatory *ATP* system and only 82 per cent of the full-time employed pay contributions to a labour market related pension scheme (EC-Report 2003: Table 3).

Part-time employment has another very important impact on work-related entitlements. Mainly Dutch but also Danish mothers often resume work in part-time employment. This not only results in proportionally lower pensions due to the lower wages; specific principles for calculating pension entitlements (in addition) even counteract proportionality of income and pensions.

In the Netherlands, it is the pension calculation factor in particular, called *Franchise*, that counteracts the proportionality of income and pension with very negative consequences for Dutch employees on a low income. The *Franchise* is that part of the wage over which no additional pensions are built up because it is expected to be covered by the *AOW*. Therefore, people with an income similar to or lower than the minimum income (i.e. the expected *AOW*) do not build up occupational pensions at all. Employees with an income just above this level (*Franchise*) hardly

build up additional pensions also due to different agreements about employers' contribution rates. Occupational pensions, therefore, are not proportional to wage differences, but wage hierarchies, and pension calculations may result in fourfold pensions for double income (Herderscheê 2004)¹⁷. Furthermore, although the *AOW* is calculated on the basis of the minimum wage, the *Franchise* as an *AOW*-related calculation factor to build up occupational pensions is not used uniformly: occupational pension schemes vary in the level of the *Franchise* they use, while others do not use it at all. Most of the pension calculations still work with a *Franchise* calculated on the basis of 100 per cent *AOW* benefits (partner *AOW*) while each of the partners will receive only 50 per cent, and singles 70 per cent of the *AOW*¹⁸. Therefore, in the Netherlands the occupational pension is still 'mainly based on the traditional (male) breadwinner model and insufficiently tailored to the modern two earner household' (De Gier 2003: 10).

¹⁷ There are no statistics available on gender differences within the level of occupational pension entitlements. On request, the Pensioen & Verzekeringskamer (pension insurance board, PVK) only gave numbers that show that many more men than women: (1) receive additional pensions (970,000 versus 260,000); (2) are 'sleepers' (older people who stopped contributing due to, e.g., changing employment); or (3) are active within the occupational schemes, and that widows' pensions are still mainly paid to women. (Per person a number of pensions is possible because of, e.g., untransferred entitlements or working for different employers. See table A.)

Table 3-A Occupational pensions in the Netherlands 2002

Category	Contributors	Sleepers	Disability	Pensioners Old Age	Widows
Men	3,433,010	4,468,950	89,637	970,154	59,715
Women	2,490,834	2,478,074	79,754	259,930	574,504
Unknown	288,796	487,364	14,834	70,633	49,914
Total	6,212,640	7,434,388	184,255	1,300,717	684,133

Source: PVK (2004).

¹⁸ Retrenchments in the basic pension result in a lower *Franchise*. This contributes to more proportionality of occupational pension entitlements. Gender equality claims tend to aim at abolishing the *Franchise* completely.

The decrease of the solidarity impact within occupational pension schemes is an additional problem. Due to the individualization of occupational pensions and the possible development towards opting out (NAP [DK] 2002, De Gier 2003), which lost popularity as a result of insecurity on the stock market, the solidarity contract of the additional, collective, occupational, funded pension scheme is seen to be under pressure in favour of voluntary, individual, private pension schemes. As a result, two forms of privatization are criticized: (1) the ‘gradual privatisation of the basic pension’ (Haverland 2001: 316), and (2) the privatization of the occupational pensions. The second criticism is based on the fear that ‘the relative strong borderline between the second and the third pillar [i.e. occupational and private pensions] will slowly disappear’ (De Gier 2003: 11, for Denmark: Abrahamson & Wehner 2003, NAP [DK] 2002: 26). Combined with the downward trend of the *AOW*, women are seen as the ‘net-losers’ (De Gier 2003: 9f, EC-Report 2003).

Another aspect is that labour market participation of older people is highly gendered. The fact that twice as many Danish men as women are in gainful employment at the age of 60 as well as at the age of 64 is not something that is often discussed (Nom-Nos 2003: 111f, comparable data for the Netherlands in SCP 2004, see also table 3-2). In many cases this non-working period in older age is the second one for women. This means that it is a second interruption in their building up of pension entitlements. The general aim (fifth EU objective in EC-Report 2003) to activate older people to participate in the labour market should therefore focus on older women, and this is not the case.

Furthermore, gender pay gaps are important since building up occupational pension entitlements depends on contributions paid in relation to wages. Data given by the Central Offices of Statistics show the gender pay gaps in general as well as differentiated by age and employment. The total differences show that Dutch women earn about 81 per cent of men's gross income per hour, Danish women about 76 per cent (SCP 2004; Udenrigsministeriet 2004). A scenario for the Netherlands worked out by Nelissen (2001) for the generation born in 1970 concludes that even if women were to work the same number of full-time equivalent years as men, the average women's pension would still only be some 69 per cent of the pension enjoyed by their male counterparts. In Denmark, the gender-segregated labour market, in addition to a higher unemployment rate of women (Pedersen 2000), causes a huge difference between the sexes within the group of those already retired: more than 83 per cent of men but only 55 per cent of women receive additional occupational pensions (Nom-Nos 2003: 124-126).

The last aspect that we want to mention concerning occupational pensions is a positive one for women: both countries' occupational pension schemes work on gender-neutral calculations (in the Netherlands as of 2005), i.e. life expectancy does not determine the calculation of pension entitlements. Such a calculation would be disadvantageous for women because of their average longer life expectancy.

To summarize, parental leave, part-time work, supposedly gender-neutral calculating factors, such as the Franchise in the Netherlands, and

further specific conditions result in substantially secondary positions for women in occupational pensions. Therefore, in both countries women and in particular mothers can hardly ever comply with the norm of the (mandatory) additional work-related pension schemes, i.e. a full-time uninterrupted work biography. The growing importance of the occupational pension in relation to the basic pension may even widen this gender gap (EC-Report 2003).

3.3.4 Private pension entitlements

The final pension scheme to be analysed is the so-called private scheme. Within these pensions, too, Dutch and Danish women face many disadvantages, as some details about the mechanisms will show. The discussion includes gendered opportunities to invest and to enjoy tax advantages as well as examples of originally redistributive schemes that developed in favour of the better-off.

First of all, to be able to build up private pension entitlements, one needs to have resources. In particular, in countries with obligatory occupational pension schemes, it is obvious that only earners with a good income have additional resources to invest in private retirement schemes. Due to many factors, as already pointed out above, men are, generally speaking, the better earners. Moreover, even in well-paid positions, Danish women face a growing gender wage gap (Pedersen 2000).

Gendered disposal of resources also results in gendered opportunities to enjoy tax relief. In the Netherlands, special tax incentives are provided for those who do not reach the pension norm of 70 per cent (SZ 2003:

193). In principle, this could be advantageous for people with shorter work biographies, i.e. with less than the obligatory 40 years of paying contributions. By introducing the possibility not to enlarge but replace occupational pension entitlements by private pensions, the first step is taken towards the practice of opting out. This possibility to totally individualize pension entitlements is ambivalent. It may have positive effects for some women but reduces the resources and power of the occupational pensions that imply solidarity, in Denmark as well as in the Netherlands. Possibilities to involve elements of solidarity such as care credits but also unisex life-tables would be endangered.

There are two examples of private schemes that, contrary to the original intention, contradict solidarity, one in the Netherlands and one in Denmark. In Denmark, an additional scheme, introduced in 1997, was subject to a striking development: with the intention of benefiting the low-paid groups by making similar benefits for all contributors, the Special Pension Saving (*SP*) was introduced. It is financed by 1 per cent of earnings of wage earners, self-employed and some groups of social benefit claimants. The original idea was to take this 1 per cent of the different wages and to convert it into an equal, wage-independent pension supplement for each contributor. However, in 2002 the redistributive elements were rejected by transforming the tax-financed pension supplement 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 by Albret 2002 in Abrahamson & Wehner 2003: 15).

In the Netherlands, too, a new way of building up pensions was introduced that developed in an unforeseen and misjudged way: the so-called spaarloon, a tax-advantaged saving scheme. By using saving schemes to dampen wage demands, workers were able to increase their income free of social contributions. ‘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, 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 rescind or amend this legislation since the unintended outcomes became obvious in the first few months.

Therefore, both countries introduced programmes that provide special advantages to an economically privileged part of the population. Such programmes are an ironical way of showing solidarity. They do not only exclude the less well-paid, i.e. mainly women, but in addition they are also financed by taxes or contributions that are paid by those who do not benefit from such programmes. This means that we face a redistribution in a reverse direction. The (financially) most successful in the labour market receive extra rewards.

3.4 Conclusions

Pension systems with basic pensions based on residency lead to a minimum pension independent of labour market participation. In principle, this is a good premise for avoiding poverty in old age. However, we saw that the two countries analysed here, although having similar basic pensions, vary considerably in their ability to prevent

poverty. We also saw that the EU is aware of the general shift in importance from basic to occupational pensions and its gender gap impacts (EC-Report 2003).

Within the last 20 years both systems have reduced several factors of gender discrimination in their pension systems. The Netherlands, for instance, introduced legislation to stop direct as well as indirect gender inequality, such as the exclusion of part-time employees in 1990. Denmark, too, tried to remove disadvantages caused by gender differentiation. The most important Danish component is the enhancement of child care facilities.

Nevertheless, in both countries the changing composition of the pension mix implies negative impacts both in their overall construction as well as in their developments. The combination of retrenchments in the basic pension and individualization of pension entitlements shows how inimical the systems are for women. The norm to secure old age income was developed on the basis of the family as a unit. This norm has only been marginally changed since the development of individualization.

The limited grounds for building up pension entitlements, i.e. residency and work participation, excluding care, are negative for women: residency is meant to prevent poverty, whereas labour market participation is meant to secure a certain standard of living. The importance of occupational pensions in relation to the basic pensions increases while women still face difficulties to fully participate in occupational schemes. If women, and in particular mothers, are not able to build up the necessary full occupational pensions to reach the normative aim of the pension mix, the norm is still focused on men's

income, rather than - as demanded and claimed – on individuals and their individualized rights. As long as labour markets, wages, pension schemes and, last but not least, care are gender differentiated, the concept of individualization, based on the principle of equality, does not fulfil its promises. In both countries, as a result of obsolete norms and insufficiently or inadequately changed systems, building up full pensions is generally gendered, although mothers are affected more strongly.

Technical shifts and treacherous catchwords such as individualization, result in fundamental changes of welfare systems and (new) discriminatory disadvantages. Yet such a ‘silent transition’ (Pedersen 2004: 6), i.e. ‘technical’ changes that lead to indirect retrenchments (Haverland 2001), is accompanied by a low level of politicization.

This paper identified structurally gendered pension systems that are undergoing general developments that might produce even wider gender pension gaps in the future. This is the case due to shifts within the pension systems and shifts towards individualization, both based on a one-dimensional perspective that focuses on the ‘traditional’ male work biography. In other words, pension reforms and developments favour a do-it-yourself self-responsibility, while this norm is based on a(n ideal) male biography (Lewis 2002). Therefore, although the Danish and Dutch pension systems may be the best in Europe, this norm does not meet female pension requirements.¹⁹

¹⁹ Further analysis is necessary to explain differences and interdependencies between life-courses in a sufficient way as, for instance, the development of the dependency on partners, since the process of individualizing pensions is only partly put into practice.

3.5 References

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4 Male norms and female rectifications: the influence of
care credits on gender pension gaps in France and
Germany

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Abstract

European pension systems are in the process of change. A general development is the retrenchment of public schemes. In combination with the aim of individualizing pension entitlements, it is crucial that the pension situation of women, and of mothers in particular, be improved. Some European countries attempt to rectify the gender pension gaps with child care credits. This paper takes a closer look at the French and German systems. Can rectification to the pension norm, in terms of different allowances for child care as introduced in both countries, balance gender pension gaps? Following the logic of the individual factors, the duration of insurance and the level of paid contributions, the main factors are analysed to evaluate the efficiency of care credits. Within the complexity of pension-related factors, rectifications to the originally male pension norms have very ambiguous effects, and they are insufficient to de-gender pension gaps.

Keywords

care credits, France, gender, Germany, pension norms

4.1 Introduction

Recent reforms to the various different European pension systems have induced many substantial changes. While pension systems and their reforms imply several general challenges, women have to face additional structural disadvantages. This is the case because of the direct relationship of the pension norms to ‘ideal’ labour market biographies.

Most European countries' pension systems are based on compulsory insurance schemes that are related to work biographies.

In some countries, child care credits have been introduced and developed to rectify the original male breadwinner-oriented pension calculation. Of these countries we focus here on France and Germany in order to gain a better understanding of gender pension gaps in these kinds of systems and to have a closer look at the effects of 'rectification' measures.

The pension formulas in Germany and France incorporate two factors that depend on individual realization: (1) the duration, and (2) the level of paid contributions. If different rights over pension resources are built up, it is these two factors that are responsible. On average, German and French women build up half the pension of men.

Based on the argument that this gender bias is caused by care responsibilities, in particular of mothers, both countries introduced measures to level out these disadvantages. No other reason is recognized as entitling one to non-wage related additional pensions. However, following the calculation logic above, such measures are insufficient for a substantial reduction of gender pension gaps. We argue that even though care-caused individual difficulties are more or less levelled off by care credits, the generally gendered structure of the opportunities to build up equivalent pension entitlements remain and even intensify over time. Balancing the expected losses of the last general pension reforms does not improve the situation for women, it only tends to prevent their situation from becoming even worse. In addition, these 'repairing measures' do not exclusively work out positively, as will be shown.

The aim of this paper is to contribute to a better understanding of child care pension credits, favoured by the EU (EC-Report 2003 and 2006), that have been implemented in specific systems. It will show the extent to which the individual factors of pension calculations, that are also partly relevant within other European pension systems, are indeed individual and the extent to which gender pension gaps are reduced by the care credits in these two countries.

4.2 Conceptual framework

What changes in the different pension systems have in common is the aim of strengthening individualization, equalization, and, to some extent, privatization (EC-Report 2003 and 2006; National Action Plans 2002 and 2005). Europe's pension diversity is not only caused by the growing complexity of their institutions, measures and legislation, but also by different norms to legitimize and calculate pension entitlements. While some European countries include a non-means-tested basic pension, as for instance in the Netherlands, other countries relate their systems solely to the labour market. France and Germany belong to the latter group.

Both countries' pension systems have much in common, and over the past few years they have both been subjected to far-reaching reforms. On an individual level, their pension norms require life-long full-time labour market participation. Compared with this, both countries show gendered pension entitlements: on average, women's pensions are some 50% of those of men (for Germany - AVID 1996: 60f; for France -Veil 2002: 68). Different measures were introduced in both countries to redress

some deficiency of women's contributions on an individual level to improve women's non-derived old age pensions of which the most important ones are pension care credits.

However, in both countries the pension norm itself, i.e. the assumptions regarding the life course institutionalized in the national pension formula for building up full pensions, was not changed. This norm was introduced in times of male-breadwinner labour market participation and subsidiarity-based family concepts. The calculation norm still requires life-long full-time employment, while the measures that were introduced, including care credits, are amendments in terms of rectifications to this norm. The situation of women is analysed here in terms of what can be expected for their entitlements taking the latest reforms into account.

Calculations are determined by labour market participation through wage-related contributions to compulsory insurance schemes; in the case of care credits, those contributions are fully or partly financed by the state. Full pension entitlements depend on two putatively individual calculation factors: (1) the duration of insurance, i.e. the length of time contributions have been made, and (2) the level of income, or to be more precise, the level of paid contributions. This is the case for all pension schemes, explicitly for the public insurance schemes (table 4-1).

Table 4-1 Pension calculation within the public insurance schemes

France	Basic wages of the best 25 years	x	Rate of increase (50-25%)*	x	Time of insurance (160 <i>trimesters</i>)
Germany	<i>Entgelt-punkte**</i>	x	Zugangsfaktor (<i>Zf</i> , bonus-malus-factor)	x	<i>Allgemeiner Rentenwert (aRw</i> , yearly adjusted general dynamic factor)

Source: Veil (2002: 59); Bundeszentrale für politische Bildung (2006).

* Depending on the time of insurance: full 40 years = 50%, 35 years = 25%.

** One *Entgeltpunkt* corresponds to the annual contribution of an average income earner.

The question is whether the recent reforms enable women in France and in Germany to build up full individual pension entitlements or whether there are still structural and general obstacles resulting in gendered old age pensions. In other words, do the rectifications to the traditional labour-market oriented male life-course norm equalize men's and women's opportunities to build up old age pensions? This article takes a closer look at both calculation factors, the duration and level of contributing, and the influence of the rectifications to answer this question.

4.3 The norm and the rectification for mothers

Each country has its own life-course norm for reaching a specific level of old age security. The German and the French pension entitlements are built up through labour market participation. In the past few decades another factor for building up pension entitlements has found its way into both the French and the German systems: care credits. This means that there are two ways to reach the pension norm, the original one

(which is also changing) and the amended one for mothers²⁰. Two different forms of care credits have been introduced both in France and in Germany to improve mothers' old age entitlements. One is pension-substantiating, i.e. an entitlement equated to paid contributions, for a period of two and three years respectively, and a level of up to entitlements gained by average income. The second one is, under certain circumstances, pension-improving in different ways: in Germany upgrading is possible for a period of up to an additional 7 years per child up to the maximum entitlements of average income-earners, and in France it is possible to upgrade pensions for larger families. Since pension determining factors are interdependent and result in the later total pension, each division of pension entitlements is to some extent artificial. Nonetheless, the division in years of insurance and level of contributions is part of both calculation systems. They form the two individual parts of pension calculations as argued above.

4.3.1 Duration

Both systems' norms for building up full pensions requires life-long labour market participation. In France, the norm means 40 years (160 trimesters) of pension insurance (as of 2003). The last reform in 2003 introduced the idea that in the long run the norm will require 42.5 years (170 trimesters; NAP [France] 2002, Appendix: 33). If this number of years is not complied with, the loss is non-proportional, i.e. for half the number of years insured, the pension level does not lie at 50% of a full pension but at 27%. It is the last 10 trimesters that upgrade the pension

²⁰ Whether other forms of care, such as geriatric care, are pension valued are currently being discussed (AVID 1996).

level (Observatoire des retraites 2002). Only within the civil service does half a career lead to half a pension.

In Germany, the pension norm, the notional *Eckrentner*, requires 45 years of pension insurance. These 45 years are attained by only 47% of men and 7.5% of women (Rürup 2003), showing that the assumptions are ideal, but neither are they realistic for men. In the future, this gender difference will change because of higher unemployment rates of men and child care credits for women. In the German pension calculation, not only the duration of insurance but also the age of retirement has very significant consequences due to the bonus-malus system. This system leads to pension cuts of 0.3% per month in cases of early retirement which is 18% for a period of 5 years. While the minimum retirement age is changing, and will soon be 67 for those born after 1969 (Rürup 2003), the consequences are actually worse for women due to the fact that their minimum retirement age was recently raised from 60 to 65, to bring it up to the same level as men.

Rectifications to the original norms in forms of introduced or developed care credits have improved mothers' opportunities to build up non-derived pension entitlements. In France, introduced in 1971 and in force since 1975, two years of pension insurance are given per child (*annuités pour enfant*). Since the 2003 reform, fathers may also take these two years of pension credits for child rearing (Veil 2004). These two years were also given if the entitled parent did not interrupt work. Children, therefore, facilitated early retirement. This regulation was changed, so that as of 2004 care credits are linked to labour market interruptions of at least two months.

In Germany, child care credits, introduced in 1986, were increased from one to three years for children born after 1992. If mothers work during these years, any additional contributions are limited in level and are not added to the duration of insurance. As a result, working mothers' twofold effort is not valued.

The level of these care credits also differs. While the three years of care credits in Germany comply with that of average income, i.e. 1.0 point per year for children born after 1992 (originally introduced in 1986 it was 0.75 points for one year), the French two years of care credits are linked to the individual income level. As of 2008, the best 25 years of pension insurance (increased from 10 years) are the basis for calculation. Therefore, care credits in France work out best for mothers with a long-term high income.

Indeed, child care credits in principle help mothers to comply with the number of insurance years that are necessary to build up full pension entitlements. However, it is questionable if these years fit in with the actual situations of mothers in Germany and France.

In France, the infrastructure of institutionalised child care facilities is well developed according to the view of child rearing as an *affaire d'Etat*. Although most crèches are located in or near big cities, in Paris in particular (Wagner 2004: 23), there are many efforts to develop professional child care facilities. Various possibilities for the youngest children are institutionalized or are slowly becoming institutionalized (overview Wagner 2004). Nevertheless, guarantees for child care facilities are only given as of the age of three (*école maternelle*). 50% of all children up to the age of three are taken care of mainly by the parents

themselves, i.e. most of the time by the mother (Wagner 2004: 33). On Wednesday afternoons, when all facilities, including schools, are closed, children older than three also have to be taken care of.²¹ However, considerable effort is taken in France to enable parents to have other people care for their child, also, for instance, through allowances for day mothers (*AFEAMA, aide à la famille pour l'emploi d'une assistante maternelle*, introduced in 1990 and extended in 1994). The intention is to make them also attractive, i.e. affordable, to medium or even lower income earners (working-mother model).

In Germany, 100% child care facilities are provided as of the age of three. Most of them (70%, table 4-2) are part-time facilities. Facilities for children younger than three cover just about 7% (with huge differences between the former eastern and the former western Germany²²).

Therefore, it is quite functional to compensate the three years lack of care facilities with three years of pension entitlements. And although these care credits have very positive consequences for mothers' pension entitlements for those years, the required interruption of labour market participation leads to difficulties later on. One of the consequences is the difficulty of re-entering the labour market both because of a lack of practice and skill improvement (Schmid 2005) as well as reservations on the part of employers (Buchmann *et al.* 2003). This measure is even seen as a 'disemployment strategy' where women are concerned (Dingeldey & Gottschall 2001: 35, 37; Wagner 2004: 43).

²¹ Generally speaking, the opening times of care facilities are insufficiently compatible with professional activities.

²² For the sake of clarity, the word former is not in the ongoing text.

Table 4-2 Care facilities in Germany (as at 31/12/1998)²³
(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).

There were, until recently, some reasonably well developed crèches in the east of Germany, and so the average employment interruption of east-German mothers is relatively short (for the generation born between 1951-55 it is 3.0 years, for west-German mothers of this generation it is 9.6 years, AVID 1996; for related differences in women's pension entitlements see IGM 2001: 11).²⁴ In addition, while full pension entitlements depend on life-long labour market participation, the participation rate of people aged 55 and over is very low (France 40.7% of men, 35.2% of women, in Germany 53.5% of men, 37.5% of women, Eurostat 2006: 5). This will change, however, since conditions for early retirement are currently being abolished. Nevertheless, it is the participation rate of older women in particular that is disproportionately low, and there are developments, as in the east of Germany, to push

²³ The latest statistics on care facilities in Germany, as 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 2006).

²⁴ Other criticism states that it is the long employment interruption of women before having children that determines the low pensions of women: interruptions for unpaid housework of German women without children used to be about 46% in the west and 10% in the east (AVID 1996). These data reflect differences in practiced gender roles.

older women out of the labour market (IGM 2001: 10; Rürup 2003). And although there is a system of minimum pension in France (*minimum vieillesse* comparable with the German *Rente nach Mindesteinkommen*) it is related to the 40 years of insurance and trimmed pro rata temporis (Veil 2002: 86-88).

The analysis of the effects of care credits on the duration factor of the pension norms leads to two conclusions. First of all, the introduction and expansion of care credits have to be evaluated positively. Women do have much better opportunities to get more, in ideal cases even full pension insurance years. The second conclusion, however, is that such an ideal is still difficult to attain because of insufficient care facilities. The ideal case requires that German mothers stay at home for three years and work at least part-time afterwards. We cover this point in more detail below. In France, in contrast, more effort is taken to retain women in the labour market. Although they receive care credits for two years and their child will have guaranteed care as of its third year onwards, there are also many initiatives for the provision of various forms of child care facilities even for the youngest children. Tax relief for the employment of (socially insured) child-minders is only one form. Nonetheless, statistics on the number of women's insurance years present another picture: on average, 28.7 years of insurance as opposed to the norm of 40 years (table 4-3).

Table 4-3 French women’s insurance years on average

Labour market related insurance years	23.5
Child care credits (2.9 children)	5.2
Total	28.7
Norm	40.0

Source: DRV45 (2003: 103).

To summarize, in principle the required number of years of pension insurance can be complied with by mothers in both France and Germany, but in practice, they are not.

4.3.2 Level

Apart from complying with the years of reference (of age, but of insurance in particular) to build up full pension entitlements, there are various factors that influence the level of entitlements. In both countries this level depends on wage-related contributions, i.e. the level of pension entitlements is related to that of income. Care credits affect this level in several ways but other measures also do so. We briefly analyse here six different pension-level determining factors and how they are affected by care credits: part-time employment, gender segregated labour markets and gender pay gaps, shifts in the pension calculation, statistical discrimination, tax systems and derived pension entitlements.

In both countries, women more often than men work part-time (Germany 4.9% versus 25.8%, in France 3.9% versus 17.6%, Eurostat 2006: 5). One main reason for this is caring for children. And while women in both countries work less after having children, men work slightly more than before (EC-Report 2006b: 20).

German women usually alternate between part-time and full-time employment: 64% of west-German women, 80% of east-German women (Stegmann 2003; AVID 1996). Specific measures were introduced for mothers to compensate for their loss of pension entitlements due to part-time employment while rearing children. In other words, pension entitlements of women who have children under the age of 10 and who are employed part-time or receive a less than average income are valorized as if they earned an average income.

Child care for younger children (*Kindergarten*, age 3 to 6, as well as primary schools) is normally part-time. Therefore, this measure to upgrade mothers' pension entitlements corresponds again to the fact that child care facilities are insufficient. Part-time employment is an inevitable option for mothers with children of that age. This upgrading is limited in two ways: (1) upgrading is possible up to the average income, and (2) upgrading is possible up to 50% of one's own actual income. The first limitation corresponds with the level of pension-substantiating care credits for the first years. The conditions provide incentives for mothers to accept lower wages. Therefore, the valuation of child rearing is again relative and only meant to diminish the losses of the less well-paid.

The second limitation has to be criticized in the context of part-time and its specific form of precarious employment. In west Germany, 10% of all women are precariously employed without social insurance. 77% of the exclusively precariously employed in Germany are women. 8% of west-German women will face considerable difficulties not only in

pension entitlements but also in income because they are in ‘assisting work’ (mithelfende Tätigkeit), 3% of them in the long term.

Due to part-time employment, the growth in the labour market participation of German women results in gendered participation: 89% of the part-time employed are women (Rudolph 2001: 26, 29). Such employment, which we might refer to as ‘female’ due to the participation ratio, is much less subject to tariff arrangements. For employees in private households, for instance, social contributions are not parity paid but have mainly to be paid by the employee (14.5%, whereas the employer only has to pay 5%). Tariff arrangements could result in occupational child care facilities, additional pension entitlements, or other positive labour market related rights (see below).

In France, women on average also alternate between several forms of employment (Fagnani 2000; Gauvin 2001; Veil 2002: 89). Although the number of part-time employed is lower than in Germany, it is not low in total and especially not in relation to part-time working men (table 4-4; Eurostat 2006: 5; Majnoni d’Intignano 1999: 35).

Table 4-4 Gendered part-time employment in France in 2003

Working hours per week	Women (in 1000)	Men (in 1000)	Women (in %)	% of the working women
< 15h	489	97	83.4	4.4
15-29h	1.734	377	82.1	15.7
> 29h	1.039	207	83.4	9.4
Not declared	63	56	53.1	0.5
Total	3.326	737	81.9	30.0

Source: Insee (2004).

Moreover, the last pension reform introduced incentives for mothers to work part-time. The official argument for supporting part-time employment is that it facilitates the resumption of work (Brossé-Verbiest & Wagner 2003). Pension entitlements are not upgraded since French pensions are calculated on the basis of the best 25 years of insurance (as of 2008). This means that a period of part-time employment does not necessarily influence the level of public pension entitlements. However, the former calculation norm, which included only the best 10 years of insurance, provided better options for employees with non-linear employment.

In contrast to the situation in Germany, social contributions for child-minders in private households are covered by the state (Wagner 2004: 22). This disburdens or even enables the parent(s) to employ a childminder and at the same time it provides this childminder with social security. In addition, there are hardly any limitations pertaining to precarious employment in France, in contrast to Germany (Geringfügigkeitsgrenze). However, besides such rather positive incentives in France, there is another family policy that tends to have a negative effect on mothers' labour market participation: the APE (allocation parentale d'éducation). Introduced in 1985 and extended in 1994, this form of financial support for parental care is an incentive for women to quit the labour market (Veil 2004: 19f; Wagner 2004: 43).

The gender-segregated labour markets and the gendered wage situation continue to be the main problem for women's pensions. There are numerous reports on this general problem, and therefore this article makes do with a few examples.

In France, the average income of regularly and full-time employed women is some 82% of that of men (NAP [France] 2002: 23; see also Barrat & Meurs 2003; Majnoni d'Intignano 1999). The percentage of women in top managerial positions is less than 15%, whereas their participation rate in service is at 90% (Insee 2003). There is a wage gap in particular between male and female *cadres* (Insee 2002) which is also reflected in gendered pension entitlements (Veil 2002: 67).

French calculations of women's average non-derived pension entitlements anticipate some 81% of men's pensions for 2015 (NAP [France] 2002: 23). German calculations for today's direct pension entitlements for women result in only 33% of men's direct net pensions (table 4-5; Stegmann 2003).

Table 4-5 Explaining factors for lower old age net income of German women

	Relation labour market participation years women/men		Relation 'further factors' women/men		Relation of own age entitlements women/men
Germany	0.55	x	0.60	=	0.33
Former West	0.48	x	0.60	=	0.29
Former East	0.79	x	0.70	=	0.55

Source: ASIB (2001: 112).

Although this may change, gender segregation in labour market, wage and pensions will continue for a long time to come. This shows that the rectifications for mothers do improve their situation. However, the gender segregation is far from being reduced by these 'reparations'.

French and German pension reforms introduced shifts in their pension constellations that influence the final pension levels. Pensions as a whole tend to be a constellation of multiple-interlinked modules. For instance, all contribution financed pension insurances are supported by government subsidies, as are most private pension schemes (Schmid 2002). However, in order to compare developments in pension constellations, the different conditions in France and Germany to build up entitlements can be broadly divided into three pension schemes: the contribution based public scheme, the contribution based additional occupational scheme, and the private scheme.

In both countries, the contribution financed public scheme is of special importance, and for women in particular due to the fact that fewer women than men have additional pension entitlements and where they do, the amounts they accrue are lower. In west Germany, the dependency-rate on public pension entitlements exclusively differs the most (43% of women as opposed to 17% of men), as does the level of entitlements (38% of women are entitled to less than DM²⁵ 800, AVID 1996; for France, see Veil 2002). Widows pensions are the highest in both France and Germany, while the dependency on these derived pensions is highly gendered.²⁶ However, bearing other forms of households in mind and facing the development of welfare states towards individualized social rights, we focus here on non-derived

²⁵ The currency is given in DM because the AVID report dates from 1996. The next AVID report is expected to be published in 2007. The ‘exchange rate’ is about € 1:DM 2.

²⁶ See for instance IGM 2001: 8. The argument that unisex-life tables are too expensive because of the longer life-expectancy of women is compensated for another: the expensive widows pension derived from men’s contributions.

entitlements. From these direct entitlements women in both countries receive about half the pensions of men.

In Germany, the level of women's old age pension built up individually within the public scheme is about 50% of that of men and entitlements of east German women are some 62% of those of east German men (ASIB 2001). The main reasons for women's lower pension entitlements are reflected in the two 'individual' calculation factors: (1) the average number of years of insurance of women were, especially in the west, much less (west: women 25.5 years, men 39.7 years; east: women 40.6 years, men 43.7 years), and (2) the average level of annual entitlements was much lower (1.0 points on average for men, 0.7 points for west and 0.8 points for east German women, table 4-6). Within the first particularly West-German phenomenon, not only non-employment periods but also low income employment periods (below the insurance threshold) result in this low number of participation years. The second reflects wage differences but also part-time employment.

Table 4-6 Average years and level within the public pension insurance in Germany

	Former West Germany	Former East Germany
Insurance years		
Women	25.5	40.6
Men	39.7	43.7
Insurance Level (<i>EP*</i>)		
Women	0.7	0.8
Men	1.0	1.0

Source: VDR (2004).

* One *Entgeltpunkt* corresponds to the annual contribution of an average income earner.

In France, the differences are caused mainly by the average number of insured years which is 30 years for women and 41 years for men (calculated in trimesters: 121 versus 161, NAP [France] 2002: 22). We focus later on the non-proportional importance of the last trimesters.

While women depend on public pension entitlements much more than men, the benefits from this scheme continue to decrease. In France, since 1983, the average basic pension has depreciated, and the 1993 reform results in 20% lower pensions on average (Crevel & Wagner 2003: 46). In both countries, the benefits were continuously subject to political considerations so that different technical procedures determined the level of the public pensions' benefits (for Germany, DRV45 2003: 76; for France, DRV45 2003: 106, Veil 2002: 88).

Both systems aim at disburdening the PAYG financed public scheme by focusing on additional pension entitlements. In France, pensions are expected to diminish by about 40% if no additional investments are made (Crevel & Wagner 2003: 46). In Germany, the intention is to extend the system by additional state subsidized investments. Such additional schemes form part of the average pension insurance of Frenchmen and Germans: on average, the French employed take part in 2.8 old age systems (DRV45 2003), east-Germans depend mostly on the public pensions only, while west-Germans build up pensions in two systems for old age (AVID 1996; ASIB 2001: 79).

In Germany, the level of importance of the different pension schemes is meant to change by introducing the so-called *Riester* pension. Today, about 82% of the employed are insured within the public scheme that covers about 78% of old age income (DRV45 2003). The relationships

between the schemes are currently: 85% public schemes, 5% additional occupational scheme, and 10% private scheme. The last reform is meant to change this ratio to 60-70% public entitlements and up to 40% additional occupational and private entitlements (table 4-7; Rürup 2003).

Table 4-7 Shifting the pension composition in Germany (as a percentage)

	Public pensions	Occupational pensions	Private pensions
Current	85	5	10
Planned	60-70		Up to 40

Source: IGM (2001: 4).

While it is planned that the level of public pension entitlements be trimmed, all pension entitlements together are meant to result in not less than 67% of the net pension level²⁷. However, to reach this objective it is necessary to build up additional entitlements. The minimum additional contribution of low income earners who continuously work as full-time employed amounts to €30 per month paid for 30 years continuously just to balance the losses of the last reform (Schmähl 2003: 7). Building up additional entitlements is still much more difficult for women, although Germany has introduced several measures to help mothers with this problem (Kerschbaumer & Veil 2002).

The range for private pension investments is even smaller in France. In total, private pension schemes cover some 2% of old age income (Crevel & Wagner 2003: 58).

²⁷ The net pension level is calculated on the basis of the relation of ‘corner-pension’ (*Eckrentner*) and standard-pension to the actual level of average income.

In both countries, care credits were introduced into the public scheme. Care credits within the additional occupational scheme (as company arranged child care facilities) depend on tariff arrangements. Within the private scheme, care credits are possible as allowances paid from general revenue, as can be seen in Germany's *Riester* child allowances. The losses of pension entitlements caused by child rearing is hardly compensated for within these schemes that increase in importance. In general, the shifts in pension compositions tend to be positive for better earners and negative for most women's and mothers' future pensions (Kerschbaumer & Veil 2000).

Furthermore, gender pension gaps are influenced by different forms of statistical discrimination. Although there are positive developments in European and national law to reduce gender discrimination there are still several measures and factors that cause specific forms of gender discrimination. To name a few:

- Private investment

Private schemes generally work on unisex principles. For women the gendered life-tables work out very negatively due to the calculations on women's average higher life expectancy, i.e. women's longer period of retirement: to get the same monthly benefits as men they have to pay higher contributions. Germany's preference to combine the *Riester* pension with additional occupational pension entitlements and to demand a criteria catalogue that includes life-long pension guarantees and same benefits for same contributions shows efforts towards gender-neutral second pillar investments. However, the possibility to invest in private pensions is still rather given for men's average higher income,

and the combination of additional occupational entitlements with *Riester* allowances, which is particularly advantageous for women, is, due to different wage agreements, not (yet) always possible (Kerschbaumer & Veil 2002: 14).

- Employment conditions for potential mothers

Even if costs concerning motherhood are paid from general revenues (younger) women would have to face discrimination because of less investment in their skills and careers (Barrat & Meurs 2003). Several agreements in labour law have improved mothers' positions and their right to re-enter their employment after a period of child rearing, and some branches offer better conditions than others which result in segregated labour markets. Although this is worse in other European countries, there are in Germany and France typical female employments that are on average less well-paid than typical male employments (Winter 1999). The deskilling assumptions of parental leave (see above) result in disadvantages for women's reintegration into the labour market. Women tend to re-enter employment in jobs with lower wages also for the same work and with less secure contracts, involving all that that entails for building up pension entitlements (Rudolph 2001: 27). In addition, wage compensations for periods of parental leave are quite low so that most fathers decide not to take parental leave (Drew 2005). Various incentives form part of a vicious circle to maintain the gender roles.

- Conditions to join additional occupational schemes

Statistical discrimination can also be seen in specific conditions to claim pension rights such as those for German occupational pensions: employees need to be employed by the company for 5 years and have to be at least 30 years old before leaving the company. Although these conditions were alleviated and both reduced by 5 years in 1999, they still have a negative impact for mothers in particular. In general, level and participation in additional schemes are highly gendered. In west Germany, only 10% of women and 50% of men received additional occupational pensions and those women who received such pensions have to make do with half of that of men (ASIB 2001: 161).

In France, differences in additional occupational pension entitlements emerge for families with more than two children: depending on which additional scheme one belongs to, the upgrading percentage varies between 5 and more than 10 % (table 4-8).

Further disadvantages for women's additional occupational pension entitlements do not depend on specific conditions but on related factors, such as the lack of care credits (*annuités*) within this scheme. The differences in participation and level of additional occupational pension entitlements reflect the gender bias in wages and the gender segregation in labour markets.

Table 4-8 Care credits in France

Scheme	Child care credits (<i>annuités</i>)	Pension allowances for families with three children (<i>majoration</i>)
Private market (regime general)		
Public occupational insurance	2 years	10 %
Occupational additional schemes		
ARROC (industrie and commerce)		5 %
AGIRC (cadres)		8 % (+ 4 % per add. Child)
Public service	1 year	10 % (+ 5 % per add. Child)

Source: Veil (2002: 77).

- Method of calculation

As already pointed out, the labour market participation rate of older people is gendered. If the last years of employment improve the pension entitlements in a non-proportional way, as is the case in the French labour market, women are placed in a secondary position (*carrière complete* 84% men, 34% women, Observatoire des retraites 2002: 48). In addition, the French calculation basis of the best 25 instead of 10 insurance years is disadvantageous for discontinuous work biographies.

In addition, there are other structural discriminations in both systems, particularly in the tax systems. Following their traditional subsidiary family-model, both countries continue to work on non-individualized principles. The tax systems, for instance, favour classical families. In

2003, tax incentives were introduced for French parents to care themselves as well as for temporary interruptions of employment for mothers (Veil 2004, 19). There are also tax incentives that work out positively for mothers, such as tax release for company-internal child care facilities. However, the introduction of the former incentives strengthen the traditional roles of the caring mother and the (paid) working father and give incentives to a one and a half-earner model. In contrast to the purely marriage-oriented German income tax system, the French system calculates on the basis of a family quotient, i.e. each child reduces the part of the income on which tax has to be paid.

The German tax-system works on so-called spouse-splitting (Ehegattensplitting). Allowances and the level of tax-deductible income is derived from the household's income. Spouse-splitting of income-tax works out negatively for women's labour market participation mainly due to the fact that the combination possibilities work out negatively for the lower income which is usually earned by women (Dingeldey & Gottschall 2001: 35; Melzer 2003). Recent developments include shifts of pension taxation from contributions to benefits which could have a levelling effect on gendered pensions (DRV45 2003).

The last factor we analyse here is derived pension entitlements. In both countries women have, on average, relatively low own, i.e. non-derived pension entitlements. In France, within the public pension scheme and the obligatory additional schemes, women receive about half the pension of men (direct entitlements: women receive € 593, men € 1200). Their *retraite totale*, i.e. pensions also including contribution-free times such as care credits, is € 767, that of men is € 1342 (DRV45 2003: 105).

Pension entitlements are clearly gendered with levels up to € 900 for women and levels above € 900 for men (see also NAP [France] 2002, Appendix II: 35f). The German situation is not much different. The net old age income of women in the west is some 48% of that of men (DM 1245 versus DM 2618²⁸), in the east it is about 79% of that of men (DM 1322 versus DM 1668, AVID 1996; the differences are even greater in the ASIB report of 2001: 79). In the west of Germany, 38% of all women have entitlements lower than DM 800 (AVID 1996), which corresponds to the high percentage of west-German women who are only entitled to public pension entitlements (43% women, 17% men, see above). In west-Germany, the importance of derived entitlements is very high due to the fact that 21% of women older than 65 do not have their own entitlements at all (ASIB 2001: 110). It is remarkable and ambiguous that from now on such non-pension insured spouses are entitled to *Riester* allowances without paying their own contributions. While women's pension situation is described as being dual, depending on one's own entitlements and marriage (IGM 2001: 9), these facts even manifest solely dependent situations.

Pension dependency situations are the most critical for divorced women in both countries. While many more women than men in Germany have old age entitlements below DM 1000, the worst position is that of divorced women (the net old age income of 24% of west and 27% of east German divorced women is below DM 1000, AVID 1996; ASIB 2001: 114). Also in France the worst pension position is that of divorced women (called '*Le drame des femmes divorcées*', Union des Familles

²⁸ The currency is given in DM because the AVID report dates from 1996. The next AVID report is expected to be published in 2007. The 'exchange rate' is about € 1:DM 2.

2004). This situation will improve in both countries thanks to growing labour market participation of women (although this growth mainly concerns part-time employment). German mothers work much less than their French counterparts. However, the newly introduced pension splitting could improve their situation. Nevertheless, for this splitting, both partners need to have at least 25 years' pension insurance. Pension situations for the divorced may have been improved but they are still not satisfactory (ASIB 2001: 94, 97). This voluntary splitting is just possible for couples married after 2002, therefore, its effect is not yet clear. However, contrary to pension splitting by family court, these rights are then unconditional entitlements (Rürup 2003: 76).

For children, specific allowances are added in addition to the above-mentioned child care credits. In France, for families with at least three children, pension allowances are given related to the level of income. This means that the percentage increase (10% in the basic pension, up to 10% in the additional occupational pensions) is asked for the generally higher income of the father which discriminates against the mother (Majnoni D'Intignano 1999). The system of child allowances, including actual family allowances as well as old age allowances, is built up to support large families.

To summarize, most of the measures discussed above cannot be seen as working out only positively or only negatively for women's direct pension entitlements. Most of them may be meant to improve women's old age situation. And some of them do in fact improve their situation. Nevertheless, purely marriage related entitlements were criticized as being far too limited while not having in mind situations of non-married

or singles. Non-individualized measures, especially tax-regulations, were criticized for aiming at maintaining the gendered and familialized roles. Although with different nuances, both the French and the German models, reflected in their tax and pension systems, are designed to work out the best for a 1.5 earner household. The different measures form part of the very complex systems that as a whole determine the outcomes of such measures.

4.4 Conclusions

As shown above, developments in German and French pension systems are comparable when focusing on gender comparison. Of special importance are retrenchments in the public schemes, shifts in the pension constellation, and incentives for mothers or wives to work part-time or to quit the labour market. The main exceptions within French and German retrenchment policies, and a remarkable new step within European pension systems, is the introduction and development of child care credits. The effects of French and German care credits vary. In France, pension credits as they developed, give incentives for women to quit the labour market whereas pension upgrades work out the best for the family income or for career mothers because upgrades are relatively higher than those of mothers with lower income. The German care credits work out the best for mothers who interrupt their labour market participation for three years and who afterwards are in part-time employment or earn less than average income. Both systems put considerable weight on women's 'traditional' family role. France, differently from Germany, gives stronger financial support for families

with more than two children and hardly any for families with only one child.

In Germany, recent developments in the calculation of pensions and of the newly introduced nursing care insurance gave, in contrast to the past, substantive weight to the parenthood factor. This is a striking new factor for: (1) a system that was criticized for subsidizing childless wedlock (Papier 2001), and (2) for the strictly labour market oriented German pension system. However, the dominance of the labour market in building up pension entitlements remains. This is problematic for German women mainly due to the fact that child care facilities are far from being sufficient and children continue to be taken care of by mothers in particular. Mothers remain in a secondary position in the labour market due to those care responsibilities, yet women in general do stay in a secondary position due to related statistical discrimination. This secondary position in the income level is even more disadvantageous when the constellation of pensions is shifted, and one's 'own responsibility' to invest (privately) grows. While these developments make it harder for women to build up sufficient entitlements, other allowances, as for instance the child care allowances within the *Riester* pensions, improve their entitlements. Some developments, however, tend to deliver incentives for women to work part-time or even to quit the labour market, as for instance *Riester* allowances for wedlock.

Within the French system, in which the labour market has the same importance for pension entitlements as in Germany, mothers bear less care responsibility. Although far from sufficient, the coverage of child care facilities is much higher than in Germany, and French policy is

much more effective in extending non-parental child care. However, pensions in France are still surprisingly just as gendered as they are in Germany.

On average, the recent pension reforms in Germany and France will entail that the level of benefits will decrease in future years, for men and women. Women, however, thanks to a tendency of increasing labour market participation (even when often part-time) and the pension care credits will partly compensate these foreseen retrenchments. Therefore, we can expect that in the future the gender pension gap will be slightly reduced, in relative terms probably also due to the impaired labour market biographies of men²⁹. Nonetheless, it will remain.³⁰ In France, according to Veil (2002: 69), it became even bigger within the last 10 years. To rectify seemingly individual disadvantages does not eliminate the countless structural disadvantages: while the years of insurance may be complied with by women thanks to care credits, they will never reach the level of men's pensions. Due to the fact that both countries' pension systems are strongly linked to wages, and due to the fact that wages and labour markets are gendered, pensions are, per se, gendered.

Both systems introduced measures that are too limited to change this, as for instance care credits when analysing the compatibility of care facilities and work participation requirements. Seemingly gender neutral law, and even 'women -friendly' measures, do not at all have to lead to

²⁹ One might expect that this development would lead to the realization that the pension norm, which requires fulltime and whole life labour market participation, has to be changed in general, i.e. also for men. In contrast, the changes that have been introduced even tighten the norm (increasing number of trimesters in France, raising retirement age and decreasing education credits in Germany).

³⁰ According to us, this case study and this general conclusion provides the conditions for realizing specific scenario studies.

adequate options for both, men and women. The last reforms, in 2001 in Germany and 2003 in France respectively, again show that the necessity to improve mothers' pension situation is recognized. Nevertheless, the solutions are problematic: although introducing positive measures for mothers in particular, they are only additions and rectifications to a deeply gendered system. Moreover, they are ambivalent in the sense that they tend to strengthen gender segregation and encourage the development of a 1.5-earner model. As it is, with only rectifications being made to the male norm, the individualization of social rights is far from being implemented in a non-gender discriminatory and equality facilitating manner. In times of individualization and retrenchment this is financially essential for each pensioner's household. However, bringing an end to gender pension gaps is likely to take a considerable amount of effort, and a 'new gender contract' (Esping-Andersen 2002) has to be set up.

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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..³¹

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-

³¹ 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).³²

³² 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 2002³³).

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.

³³ 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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6 Worlds of legitimate welfare arrangements: a realistic utopia on pensions

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in

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Abstract/Summary

Pension entitlements are based on certain assumptions. On the one hand, there are assumptions about the individual substantiated in life course norms that focus on labour market participation. On the other hand, there are assumptions about societal necessities, such as intergenerational and intragenerational justice, economic growth, pension scheme sustainability and so forth.

The development of European welfare states led to a variety of different pension norms as a calculation principle for building up full pension entitlements. In all countries there are, first of all, increasingly more strict wage-related pension entitlements, and, varying per country, entitlements based on residency as in Denmark and the Netherlands, or pension care credits as part of the French, German and Austrian systems, and also a variety of other specific pension determining factors as well as a growing number of private pension schemes.

In this article we analyse these different pension determining factors by studying different European pension reforms, taking theoretical considerations into account. The aim is to answer the question as to whether there are ideal ways of combining these factors. Our ultimate goal is to outline a legitimate and sustainable pension system.

Our ‘realistic utopian approach’ combines recent political, social and economic reform considerations with normative and theoretical ones and presents an original way of studying pension policies in the EU.

6.1 Introduction

Welfare arrangements are one of the facets that enable the reproduction of present-day polities. Reproduction points to continuity, to the necessity of social organizations to ensure their ongoing and continued existence. Pensions, the example of welfare arrangements we use in this chapter, contribute in several ways to this reproduction. First of all, pensions provide monetary resources that are necessary for purchasing basic survival goods (consumption, rent etc.). Secondly, receiving a pension marks a status passage from being an active participant in the labour force to a non-employed person i.e. a pensioner. From the perspective of the individual, this passage can be conceived of as a transformation of social identity, and from the perspective of the employers, the employees (and their organizations) and the state, as an instrument for regulating the labour force. Thirdly, under certain conditions, the system of pensions, by attributing rights over resources to non-employed individuals (such as a mandatory retirement age, or having paid contributions etc), guarantees a certain amount of autonomy to these non-employed people. They neither become dependent on kinship relations, nor will they be a burden on the polity. In other words, pensions achieve, in an original way, forms of intergenerational solidarity. In these three different ways, pension systems institute a modern form of welfare arrangements that helps to sustain present-day capitalist welfare states.

If, following Wallerstein (2004), we conceive of the world system as a conglomerate of polities with, on the one hand, various forms of association among them, such as the EU, and, on the other hand, of competition, it follows that the various types of polities that exist (such

as nation states, states, empire states, city states, etc.) are partly independent from and partly dependent on each other. They are partly independent because they are, in principle, given their sovereignty, free to decide which social and political forms they institute. However, at the same time, because of the multiplicity of instituted and informal links between the various polities, each polity is severely constrained by these links. Decisions by one specific polity to institute social and political arrangements that subvert the existing links could seriously threaten the continuing existence of this polity.

As a next step, we introduce another important condition for our analysis, namely capitalism. Capitalism can be defined in a first approximation as a form of production of goods (of all kinds, including services) to be sold on the market at, where possible, a profit. The majority of the goods sold and bought on the market are indeed produced in a capitalist way, in addition to goods and services provided by the welfare state or by voluntary activities. Participation in capitalism is realized by adopting the roles of employers and employees, and assuming a labour market, and the roles of sellers and buyers on the various markets, again creating social identities. To be able to conclude contracts is a necessary precondition, presupposing autonomy and therefore elements of citizenship, and in particular the well-known civil and political rights. Capitalism, in its various historical guises, has never been a pure system. In addition to capitalist forms of production and markets, there have always been forms of social organizations that are not organized in accordance with the principle of capitalist production and exchange, such as the household economy for example. There are several reasons why capitalism always was and is increasingly becoming

a multi-modal system. Let us take education for example. The forms of capitalist production and exchange have become more technical, requiring an ever more highly qualified workforce. It is true that nowadays we are witnessing the development of a knowledge-intensive economy. Longer years of general and specialized education in the last century (an average of 1 year more for every ten years) have been instituted. The organization and the funding of the education system could not be taken over by purely capitalist forms of production and exchange, because competencies and qualifications are not goods that can be freely exchanged. People cannot sell their competencies or qualifications. It is only the use of these capabilities that can be sold. A different mode of economic functioning had to be invented, which is the state controlled one, financed through compulsory monetary transfers, such as taxes or social contributions. This economic mode grew in a significant way in the last century, in European countries in particular. Not only education, but also important parts of the healthcare system and all the other arrangements of what is called the welfare state, such as pension systems, are included in this economic mode. A wide variety of new social identities has been created within this economic mode, such as the identities of the unemployed or of pensioners.

Finally, the reproduction of present-day politics necessitates informal exchanges, achieved either in household economies or through voluntary work. The household economy, for example, involves all kinds of informal exchanges and is organized around unpaid care work, such as care for children, care for the elderly and care to sustain day by day the participants of the household. Once more, the different roles taken in the household economy create social identities, such as, particularly in the

past decades, the identity of the male breadwinner, the housewife, the carer, etc..

Together, these various modes (capitalist production and exchange, welfare economy, including education, healthcare and welfare arrangements, household economy, voluntary work) form the economic dimension of reproduction of present-day capitalist welfare states. Such an anthropological conception of the economy is inspired by Polanyi (2001). This economic dimension is of prime importance for reproduction, and it co-determines the degree to which polities grow or decline. In addition to the modes mentioned above, it also presupposes general conditions such as an environment that enables the activities. However, it should be evident that this economic dimension is not really sufficient. Indeed, we have indicated the various social identities that go hand in hand with the historically variable forms of organizing the interrelated economic facets of present-day polities, and these identities point to other dimensions - social, political, cultural and ethical ones - that are also necessary for reproduction.

How these various dimensions are related and connected to each other, and what their impact is in the reproduction of polities is historically variable. Moreover, the reproduction can follow quite different paths in the various polities that comprise the world system. It should, however, be clear now, that when we refer to the dynamic process of reproduction, we consider the mechanisms of reproduction not as machinery that produces identical results independent of the starting positions or the materials used. Indeed, if the mechanisms of reproduction are (re-)constituted by facets of the existing dimensions, such as economic or cultural ones, there is, of necessity, a general form of path dependency

that is much more universal than the purely financial or institutional path dependency that is used in policy studies (Myles & Pierson 2001). This formulation is inspired by the work of Taylor (1999) on forms of modernization. Taylor distinguishes cultural and a-cultural theories of modernization. The dominant theories are the a-cultural ones, pretending that modernization, characterized for example by industrialization, by city-forming, by rationalization, etc., produces the same outcome independent of the starting positions. Taylor rejects such a view, showing that existing worldviews, including conceptions of persons, of societies, of the division into economic, moral and other dimensions, together with the actors involved, have a significant influence on the process of modernization. Therefore, he concludes that we are confronted with a multiplicity of processes of modernization, and that one can, for example, speak of western, Chinese, Indian and other processes of modernization. This passage can therefore be read as a generalization of Taylor's work.

We can summarize the preceding remarks in the following table, which presents in a simplified way the various economic modes and facets of capitalist economies, their variations and transformations. This table circumscribes exclusively the economic dimension and not the other dimensions, such as social, political and ethical ones.

We restrict ourselves to polities that are capitalist welfare states, organized on the basis of the rule of law and with a (representative) democratic form. As such, the different aspects of citizenship (usually the so-called civil, political and social rights, see Marshall 1964) come into play. There is certainly a historical movement of generalizing these aspects of citizenship in other parts of the world, which has been rather

successful, without, however, the result that citizenship rights have been introduced in all polities in the same way, nor to the same degree. A simple generalization would indeed contradict the path dependency we have formulated.

Table 6-1 Economic modes

Economic mode	Facets	Variations	Historical transformations
Capitalist production and exchange	Specific production process, various markets (labour market, financial market, etc.)	Variations depending on: environment, sector, qualifications, etc.	Overall growth, including important crises
Welfare economy, including education, healthcare, welfare arrangements	Specific welfare arrangements such as pensions, formal care systems, education systems, etc.	Consierable variations between polities, depending on political actors, requirements of the production system, etc.	Overall growth duing last century, with important differences between specific polities
Household economy	Informal care (for children, the elderly, sich people), daily care (cooking, cleaning, etc.)	Depending on the composition of the household, degree of mechanization of household tasks, existence of productive activities, distribution of tasks (man/woman)	Significant rationalization and simplification in European polities during last century, changing composition of households
Voluntary activities	Informal care, neighbourhood activities, etc.	Numerous	Changing intensity and focus

We now have all the necessary elements for formulating the central question of this contribution. How is it possible to realize, particularly in European capitalist welfare states, legitimate forms of welfare arrangements, and pension systems in particular, within the ongoing dynamic transformation of the world system? One should not expect that legitimate forms of such arrangements, situated mainly in the welfare economy, are completely independent of the other economic modes, in particular of the household economy and the mode of capitalist production and exchange. The criteria for specifying ‘legitimate arrangements’ are formulated taking as the basis the citizenship norms that emerge from the dynamic of the development of citizenship. Indeed, as outlined, the changing forms of citizenship are connected to other dimensions. In European capitalist societies in particular, citizenship is linked to the economic dimension as has been argued above, for example through the presuppositions that: (1) citizens are self-responsible for their lives (in the past strongly related to the principle of subsidiarity); and (2) individuals are endowed with several rights and duties, such as the right to autonomously conclude contracts. Therefore, there is a natural link between norms derived from citizenship, and the economic dimension of which welfare arrangements constitute one specific mode. In this contribution we limit ourselves for the purpose of analytical clarity to these two dimensions, and refer to other dimensions (such political and social ones) only briefly where necessary.

We first formulate the norms to be used (II). Secondly (III), we demarcate the arena of exploration, such as the changing types of households, in which the various social identities of employee, consumer, carer, etc. have, in recent decades, undergone profound

transformations. Moreover, we address the question of how European pension systems were related to a specific historical constellation of household economies, and how the recent pension reforms attempt to adjust the pensions systems to new configurations of household economies. In a third step (IV), we then indicate why the reformed pension systems do not fit well with the changing constellation of households, using the norms formulated. We then (V) address the question of an ‘ideal’ pension system that (VI) would be in line with the formulated norms. Some final remarks (VII) serve to qualify our ‘realistic utopia’.

6.2 Norms derived from the dynamic of citizenship

Citizenship has factual and normative dimensions³⁴. Factual components include, for instance, the established citizenship rights that are effectively applied in the present circumstances. This means that well-known procedures and institutions do exist, which permit the enforcement of rights should they be threatened in any way. One can take as an example the right of women not to be discriminated against. For a long time this right was a possible ideal norm, without it, however, being put into practice. At present, however, there is a growing number of European polities that do enforce this right, but with significant variations concerning the social space where the right is enforced, such as the workplace, the family, public space or one’s own body. This example also enables us to illustrate what is meant by the normative dimension. Indeed, from the very beginning, non-discrimination of women was for some a normative ideal of citizenship, even if this ideal

³⁴ Marshall (1964: 29) also speaks of an ‘image of an ideal citizenship against which achievements can be measured and towards which aspirations can be directed’.

had been contested by many in the past (and even sometimes in the present).

Citizenship can be seen as something that is static and dynamic at the same time. Considered from a static point of view, citizenship can be defined as a set or register of established rights and duties, including procedures, for example legal ones, that guarantee that these rights and duties are adhered to. Such an idea is similar to what has been termed the factual dimension of citizenship, but which is now seen from a different point of view. Following Marshall (1964), one can distinguish civil, political and social rights and duties, but various authors have indicated that this list is far from complete. Held (1989), for example, argues that ‘political-economic rights’ must complement this list, and Isin and Wood (1999) introduce many other rights, such as reproductive rights, ecological rights, rights of individuals with a functional limitation, rights of homosexuals, etc..

However, there is also a dynamic conception of citizenship, apprehending the historical movement of struggle of establishing or expanding rights.³⁵ Hirschman (1991), for instance, has studied some episodes of this struggle. He studied the arguments used against the introduction of civil, political and social rights, and he succeeded in showing that these arguments do not reject the rights as normative ideals, but try to reject or limit the introduction of new rights, arguing that this introduction would, given ‘human nature’, not lead to essential change but only threaten the rights that had already been introduced. In the last two centuries, for example, the argument that the generalization

³⁵ This corresponds to the Weberian understanding of social policy as cultural struggle.

of political rights would threaten the established civil rights (the influence of the uneducated majority will undermine the liberties obtained thanks to the established civil rights) had some considerable influence. In short, the dynamic of citizenship points to the historical struggles extending, and sometimes reducing, the range of citizenship rights and therefore the areas where new, or reduced, forms of participation of individuals as citizens are possible in organized societies.

The static and the dynamic version of citizenship both include normative perspectives, the first in terms of ideals of realization of rights, and the second as ideal forms of participation to be achieved in the ongoing struggles extending existing rights or establishing new rights (Hirschman 1991). The first meaning points to the degree of realization of a given right. The example used here - the right of women not to be discriminated against - was, as said, only gradually introduced with considerable variations of the social spaces involved. The right to vote and to be elected was introduced during the last century, but once introduced, this right was enforced to a high degree. In other areas, such as the workplace, the introduction of this right was only achieved much later, and applied less systematically than in the political space. The second meaning points to normative ideals of full participation in the polity, which can be constrained even when specific rights do exist but are not applied in a pertinent way. As we point out in later sections of this contribution, even if women have obtained the right of equal participation in social arrangements of the welfare state³⁶, the

³⁶ Throughout history women have also benefited from positive discrimination, particularly in pension entitlements. Accompanied with the emphasis on a unisex life course, these positive measures for women are on their way to being reduced.

problematic application of this right in the case of pension systems severely constrains the opportunity for women to obtain pension entitlements similar to those of men.

If we view citizenship from a dynamic perspective, then we focus on the struggles concerning the establishment of new forms of practices and opportunities for members of the polity. It is not possible to isolate this dynamic from the overall dynamic reproduction of polities, and in particular, from the struggles in the economic dimension. Indeed, new practices and opportunities for action have to be enabled, also materially. These practices and opportunities either presuppose time, space or other resources that have to be provided by one or other economic mode. Quite often, the welfare economic mode will be the first candidate to provide the resources, followed by household economies, voluntary activities and capitalist forms of production and exchange. This means that the shaping of citizenship is not, and cannot be, a linear process, because in times of economic crisis (of the classical variety) the interdependence of the various economic modes will entail a reduction of the resources provided, and therefore also a possible retrenchment of the corresponding citizenship dimension. Take, for example, the fluctuating development of health, education or social provision over time and in different countries. The general tenet of this statement is that there can be advances but also retrenchments in the citizenship arenas.

Such an approach means that citizenship cannot be seen separately from the other changing dimensions of the historical dynamic of polities. In particular, this approach cannot refer to norms as starting points of the analysis (Olsen 2006). On the contrary, norms are conceived of as elaborations of the various groups that comprise the polities, including

their associations, going beyond the boundaries of any given polity. And this implies that at any moment there are multiplicities of norms at stake, elaborated by the different groups in different polities.

We limit ourselves in this contribution to European polities, and to the norms developed in terms of a static and dynamic version of citizenship (Maier 2004). These norms can be and are formulated in terms of ideals of participation of citizens in European polities. However, we will not enter here into the traditional discussion of how one can justify citizenship. There are elaborated justifications from a liberal point of view, from a communitarian one and there is also a republican version of the justification of citizenship. We will certainly use much of the liberal elaboration, but we recognize the necessity for the limited (to individuals) rights of a liberal conception to be generalized and guaranteed for all men and women living in these polities, such as for example the right of equal opportunities. Moreover, from a republican conception of citizenship, other ideal types of participation are important, such as the links of the individual members to the collective, not only within the various European polities but also Europe-wide. In particular, the so-called democratic deficits within the European polities and their association in the EU have to be overcome when implementing such ideals of participation. This also entails taking account of the situation of migrants and EU interrelations with other polities in the world system.

The traditional citizenship norms – liberty, equality and solidarity - are quite well-known and reasonably precisely formulated. However, certain national and economic interests currently hinder and constrain the realization of these norms in European polities. Moreover, these

normative ideals are subject to different interpretations by the various political forces in Europe. Finally, the inter-connections between these rights can be seen in various different ways. For example, for some actors freedom is the primary normative ideal, whereas others give preference to equality. And solidarity is, however, a somewhat contested dimension of citizenship as we will see when exploring pension rights.

Table 6-2 Citizenship norms and actual pension entitlements: a first illustration

	Freedom	Equality	Solidarity
Specification	Criteria and limitations to build up pension entitlements	Conditions of building up pension entitlements	Different forms of inter- and intra-generational solidarity
Contested points	Waiting periods, mandatory retirement age, labour market relatedness/dominance, statistical discrimination (LM), institutionalised role differentiation	Reasons for establishing entitlements, such as childbirth, care, learning, etc., life tables, retirement age	Abusive forms of solidarity (e.g. from the poor to the rich), inter- and intra-generational solidarity, inclusion/exclusion (migration)
Economic modes	All the various economic modes excluding the voluntary activities, are, varying per country, important for enabling the building up of entitlements	Involves the various economic modes, and entails a critique of the established boundaries between the various modes	Primarily the welfare economy, providing guarantees concerning various transfers (based on contracts and legislation)

Recognizing these debates and confrontations does not mean that a more systematic elaboration of these norms in the domain of welfare arrangements, and in a particular one, namely pension policies, is a futile exercise. On the contrary, such a conjecture allows one to point out the concrete lines of debate and confrontation and the various interests involved.

For the sake of simplicity, we take the traditional norms as our point of departure, and in the following table illustrate the controversies that arise when trying to apply and develop these traditional norms for actual pension entitlements.

6.3 Preconditions and characteristics of pension systems

Pension systems implicitly instituted life course norms. Therefore, the development of pension systems also needs to be approached through life course. As stated above, modern capitalist economies are multi-modal, and depend on non-market and non-commodity reproduction as well as markets and production. Production, exchange, distribution, consumption and so forth are traditionally allocated to different phases of the life course divided up into: (1) socialization and learning, (2) labour market participation, and (3) retirement. These ‘ages’ (Blackburn 2003, ILO 2003) are subject to fundamental transitions (De Graaf *et al.* forthcoming) whilst the development of the ‘third age’, i.e. retirement, is based on the first two ages and depends on a historical and specific link between the different ages.

The production and circulation of the various resources, including the resources for financing pension entitlements (in fully-funded systems, FF, and pay-as-you-go systems, PAYG, alike) is an inherent component

of capitalist logic, however differently instituted. Therefore, the dynamics underlying the flows of resources are of great importance, and cannot be captured by the typologies of welfare regimes, such as the well-known regimes elaborated on by Esping-Andersen (1990).

Pensions form a very peculiar resource due to the fact that they cannot be conceived of within a conception of classical property rights. Although PAYG and FF systems are quite different, in relation to timescales as well as property characteristics, all pensions depend on economic growth. This kind of dependency, which is more than individual short-term economic survival, is typical of modern capitalist systems (Arendt 2002). It is linked to changing, and improved, conditions of the quality of employment relations. In addition, it depends on a specific kind of trust in the stability of arrangements, to be organized for instance in insurances representing a broad social basis (Ewald 1986).

Equilibrium is necessary to be able to finance the first and the third age, i.e. proportionality between the different forms of social reproduction of the various modalities of economy. It will be self-evident that, for various reasons, the dynamic character of the economic sub-systems can bring about changes of the ‘typical ages’ of the life course. The linkages and interdependencies between the various phases of the life course are also redefined. Therefore, the characteristics of pensions as the third age are also on their way to being transformed.

The characteristics of pension systems are generally rather similar, although their concrete institutionalization varies widely per country. Pension norms are, in one way or another, directly linked to age and

labour market participation. This is not surprising since pensions, in all countries, are a means of regulating the labour force. And vice versa, the dynamics of labour markets also find expression in reforms of pension arrangements.

Understanding the consequences of pension reforms is quite challenging since pensions are not only a very complex nexus of institutions but are also spread out over different timescales that go beyond short-time planning. Pensions, therefore, are a kind of intergenerational contract: while entitlements have to be built up in the ‘second age’, using this terminology, pension benefits, in terms of monetary means or services, are enjoyed in the ‘third age’. This means that rights over resources have to be conserved over time.

Entitlements need to be built up. The number and the weight of reasons for building up pension rights vary country by country. Based on these differences, the pension systems in different countries have unique identities. These identities depend on instituted normative life courses and their further development in practical terms. All modern capitalist systems, however, have implemented pension regulations that allow for a period of non-employment, which is in line with the capitalist logic of spreading resources over time. As a consequence, pensioners are, at least in theory, enabled to enjoy a period of non-employment with a specific level of independence. They are, in financial, and ideal terms, not directly dependent on either their children or on kinship solidarity. They merely depend on societies performing their instituted obligation concerning the rights built up in the past.

6.4 Male breadwinner systems and (limited) individualization: non-fit of pension systems

The life course norms implicitly instituted in pension systems established during the last century are currently being transformed. In most European countries, pension entitlements were calculated following a highly gendered ‘life-course regime’ (Kohli 1986), representing the perspective of a household comprising a female housekeeper and carer and a male breadwinner, the so-called male breadwinner model (Lewis & Guillari 2005). While women in traditional heterosexual legalized household formations mainly stayed at home, i.e. in the ‘private’ domain, in order to take care of the ‘reproductive’ necessities of this unit (housekeeping and caring for the elderly and the children), men earned the ‘family wage’ (Land 1980) within the ‘public’ domain in order to provide for the family. As a logical consequence, social rights were also related to the ‘family wage’ and this ‘male breadwinner’ social model.

Not only were social rights related to the family. Civil and political rights, to use Marshall’s categorization, were also instituted on the basis of the family unit and the male as head of this unit. And although political rights, as for instance the right to vote, and civil rights, as for instance the right of women to sign contracts, changed, other civil rights have only recently been generalized. The so-called private domain, for instance, qualifies after partly putting problematic issues such as the level of education or domestic violence in the public domain. And social rights in particular are still in the process of transition due to their behavioural component and the process of individualization.

Various developments have led to a more individualized understanding: the traditional family formation lost its self-evident status; women participate in the labour market more extensively; discriminatory legislation began to be reduced (for instance, it was forbidden in the Netherlands to employ married women in most sectors until the 1960s). However, this strong impulse of the 1970s in particular did not adequately find its expression in, for instance, institutional change. Although it is correct that much legislation changed in many countries, institutional legacy and neo-traditional trends hampered the full individualization of both welfare arrangements and the possibility of complying with the unisex life course norm. It is debatable whether full individualization would be desirable or even possible. However, it is obvious that the transitions of welfare arrangements that have been implemented eliminate the gender distinction insufficiently. The new, recently established life course norms, which require individual ideal labour market participation, do not yet fit well with the life courses of women. In combination with other welfare transitions, the disadvantages of this non-fit exacerbate the situation. This is the case since social entitlements, mainly, if not exclusively, built up within the domain of the market economy, are under pressure, and welfare arrangements are subject to retrenchments and individualization.

While men may also have difficulty complying with the normative life course, particularly in times of the ‘new social risks’ (Bonoli 2005) of rising unemployment and transitional labour markets, women face many more obstacles than men do. This is the case for various reasons, including:

- (a) labour market segregation – across the board and also in old age and part-time employment, in wages, in functions, in life-long learning;
- (b) care responsibilities – and the institutionalization of parental leave, care facilities, care credits;
- (c) tax systems – advantageous for 1.5 earner households (and pensions) in most European countries (Dingeldey 2001);
- (d) statistical discrimination – based on possible care-related time off (Esping-Anderson 2002) and life expectancy.

What kind of individualization could be envisaged in order to work out a more legitimate but yet practicable pension and welfare organization?

6.5 Realistic utopia

After analysing the norms, characteristics and shortcomings of pension systems, we now outline a utopian pension system based on realistic developments. We refer to it as utopian due to the fact that it is highly unlikely that a system like this could ever be realized – at least in this particular way and at least in the foreseeable future. Such a system is utopian for two reasons: (1) it would need ideal circumstances, for instance in the labour market and in information flows, and (2) the dynamic nature of systems subverts the conservation of a status quo and continuously requires adjustment, adaptation and modulation. In addition, although our pension model is much more equitable than all the existing pension systems, it is still based on problematic conditions, as we point out when describing the different layers. We say it is realistic

because we base our scenario on actual, partially achieved, solutions to the pension question introduced in different European countries in the past few decades. Some of those are understood as norms, others as concrete measures, and all of them are formulated as being necessary for reproduction by different actors. Such a thought experiment follows the tradition of humanist thought experiments of Thomas More or Erasmus van Rotterdam; among recent publications it can be compared with the ‘postindustrial thought experiment’ of Nancy Fraser (1997) or the new model of Stephan Lessenich and Matthias Möhring-Hesse (2004).

Reasonably legitimate pension systems, we argue, can only be based on the acknowledgment of the preconditions of societal sustainability and capitalist productivity (Jessop 2002), or of what we called reproduction. Pension systems, therefore, should be based on three ‘layers’, i.e. pension entitlements should be linked to the following three conditions and requirements:

- (1) poverty prevention;
- (2) valuation of necessary contributions to society (social reproduction and care, life-long learning), and
- (3) valuation of labour market participation (economic productivity).³⁷

Each system should, in principle, include at least all these three layers in their pension system to reflect a balanced relationship of different tasks and responsibilities. We call them layers for two reasons: firstly, to avoid any association of ‘our system’ with the differentiation of pension schemes or pension pillars, and secondly, to explicitly characterize the

³⁷ Other valuations may be included. Military service, for instance, may form part of layer two or three, depending on the country’s (military) system. Private savings are more a form of ownership than part of pension systems. Some countries are inventively including them in overall pension resources through taxes and regulations.

pension reasons as complementary: on the first layer of universal old age pensions, the second layer (credits for care etc.) and/or the third layer (labour market related contributions) can and should be additionally built up.

Table 6-3 Complementary pension layers of a realistic utopian pension system

	Eligibility	Function	Source of resources
1 st layer	Universal, not means tested (e.g. residency based)	Poverty prevention (e.g. social assistance)	Public purse General revenue
2 nd layer	Social contributions Human capital Solidaristic elements	Complementary additional pensions (credits)	Public purse General revenue
3 rd layer	Financial/economic contribution Real capital Proportional wage-related calculation	Complementary standard securing pensions	Proportional wage-related contributions ³⁸

The complementary structure is inspired by the Dutch ‘cappuccino mix’ with its basic pension for all (the coffee), its semi-compulsory and complementary occupational pensions for most (the milk), and the possible complementary private additional pensions for those who can afford it (the cocoa), despite all the important differences (Frericks *et al.* 2006).

³⁸ Labour market activities contribute to productivity which is necessary to maintain wealth also in the wider sense. Therefore, it could be argued that these activities should similarly be financed by the public purse. However, to disconnect the linkage between wage and status securing social rights might form part of a utopia, not, though, of a realistic one.

These layers would, for democratic and sustainability reasons, need to be based on the general principle of justice in inter- and intra-generational terms. This means that the flows of resources are discussed, related to the various kinds of activities, related to the different economic modes.

6.5.1 Basic pensions

The first pension layer (1) we describe is inspired by the pension systems of the Netherlands and Denmark. These systems comprise a universal basic state pension as the cornerstone on which further pensions may be built up.

Poverty prevention is one of the basic intentions of welfare, enabling the participation of individuals. Although poverty levels vary considerably country by country, all European welfare states do have a social assistance institution to guarantee a minimum of individual autonomy and political and social participation. It is not the aim of this article to contribute to the discussion of general basic income; we focus on old age only. Due to the fact that labour market policy restricts labour market participation to a specific age (the variable mandatory retirement age), it is inherent in the system that the resources necessary for living be delivered. It is in the interests of society as such that the elderly residents, who are, institutionally or physically, unable to earn their own living, also have the guarantee to be full (political, civil and social) citizens. This minimum needed to maintain a decent standard of living should therefore be financed by general revenue. Furthermore, pension resources are one of the cornerstones of resource flows³⁹. In addition, such a guaranteed universal basic pension would benefit the generation

³⁹ In 2001, the share of pensions in GDP was 12.5 % in the EU25 (Eurostat 2005).

contract that forms a basic condition for capitalist welfare states (Sinn 2000).

As a matter of fact, a universal basic pension would, at the same time, solve another urgent problem of recent pension systems: that of trust (Rowlingson 2002). This trust can be seen from two perspectives: firstly, all employees would feel a kind of self-evident security in old age and therefore they would more readily invest in additional resources for their old age (see the Netherlands and Denmark; the reluctant acceptance of the German *Riesterrente* may serve as an example of low levels of investment due to little trust in pension investments). Basic pensions that are meant to just prevent extreme poverty, are unlikely to discourage additional savings. Secondly, in times of unstable labour markets, such a guarantee for old age security for all contributes towards social cohesion and, thereby, it contributes to trust in the economic and political systems (Ferrera & Rhodes 2000; it would not, however, fundamentally reduce labour costs⁴⁰).

Surely the level of benefits of such a basic pension is subject to political considerations, and will therefore always be in danger of being reduced. However, if societies take this democratic institution seriously, basic pensions could get the status of a self-evident element of democratic systems. Yet one should not underestimate the dynamic of welfare arrangements: economic growth can lead to stronger developments of income-related additional pensions and by that, put the legitimacy of

⁴⁰ As already pointed out by Sinn (2000), shifting financial burdens does not reduce them. Financial means are and will be transferred through the fiscal constitution charging productivity and growth still mainly through wages. However, universal pensions would reduce the enormous costs related to survivor's benefits and widow(er)'s pensions. Furthermore, universal pensions would involve relatively low administration costs.

basic pensions under pressure (the developments in the Netherlands resulting in retrenchments of basic pensions may serve as an example). In Denmark, due to a strong pensioners lobby, the basic pension is, although reorganized, under hardly any pressure. It should be stressed that pensions, in particular, are positioned in the field of tension between influential political powers, that have recently gained influence, holding a neo-liberal perspective on the one hand and the specific long-term characteristics of pension systems as institutions on the other. Although opposition to social reforms has generally increased in the past decade, political resistance to pension reforms is less strong than resistance to other social reforms due to the fact that they will have the most important consequences for future pensioners who might not yet feel concerned.

In the Netherlands and Denmark, this universal not means-tested basic pension layer is related to residency. However, it could be argued that, by buying services and paying different kinds of taxes, such as VAT, residents do contribute to the public budget and to the circulatory logic of welfare economies. It remains, however, problematic, in how far transnational labour transitions or migration in general hampers the opportunity to finally build up more than a basic pension (the so-called pension gap, see Frericks *et al.* 2006). Sophisticated solutions have to be found in times of increasing labour and capital mobility.⁴¹

⁴¹ Categorizing resources is difficult. Ferrera (2003) sees territory as the means that made it possible whereas Durkheim (1964) underlines interdependency.

6.5.2 Complementary pensions

Other layers, with further conditions with entitlements based on contributions to sustain the polity, should complement the first one, which is meant to be the basis for social cohesion. The contributions to the polity may be financial, economic and social. Sinn (2000), for example, uses different terminology and speaks of investments based on ‘real capital’ and ‘human capital’. Institutionalizing ideal concepts, such as the Dutch combination scenario, would result in each citizen building up pension rights in both complementary layers. However, this depends on the definitions of what is seen as (social) contribution and on the concrete life course of citizens (De Graaf *et al.* forthcoming). The relationship between second and third layer pensions would, therefore, depend on various facets of the systems and individual decisions. It is unlikely that future pensioners will not have participated at all in the paid labour market, i.e. only built up care credits. Nor is it likely that each future pensioner will be able to build up full occupational pensions in the current understanding in times of very flexible and insecure employment records. The traditional recipients of labour market related pensions and the traditional understanding of its level are on their way to being transformed. Therefore, the concept of reorganized pension reasons also reflects developments within traditional pensions which provide sufficient practical grounds to base all citizens’ future pensions on complementary pension reasons.

Second layer pensions

One of these complementary layers, the second layer of pension entitlements (2), would give value to societal contributions in the sense

of ‘solidaristic elements’ (Myles 2002: 167). This second layer is inspired in some countries (France, Germany, Austria) by the institution of pension credits for care or for education. In addition, it reflects some researchers’ ideas on even the pure economic legitimacy of such socialization of financial burdens, arguing that childcare in the end pays for itself (Joshi 1990)⁴² or that such human capital investment has to be seen as part of the generation contract inherent in all pension systems that needs to be financially valuated in addition to direct financial investments (Sinn 2000). In this sense, we formulate this part of a consistent logic of individualized pension systems. Highly individualized systems tend to face the Prisoners’ Dilemma, i.e. everybody tries to avoid personal disadvantage (specifically, a loss of wages as a result of children, for instance) while being aware that somebody else has to take responsibility for actions that entail disadvantages (Sen 1988). The second layer pensions therefore try to overcome the seeming dichotomy of self-interest versus solidarity.

If the generation contract is a precondition for sustainability, new generations are a condition for reproduction and these generations need to be educated in the knowledge societies of our historical and geographical situation. While formerly ‘familialized’ systems are being defamilialized in terms of social rights, pension reforms do not adequately transform former family rights into new ones. When ‘reproduction of society’ is recognized as a ‘social purpose’ (Shionoya 2005: 250), related costs may legitimately be financed by means of general revenue (Sinn 2000). In addition, pension credits for ‘socially

⁴² Concepts of equal rights need to be accompanied by concepts of equal obligations to children and other dependents (Folbre 1994). This problem is also exposed in the concept of ‘inclusive citizenship’ (Knijn & Kremer 1997).

useful' contributions (Lipietz 1992: 105) should be implemented as non-conditional entitlements, i.e. they should not be linked to means tests or entitlements gained by labour market participation. As an addition to basic pensions, they value this societal contribution. This unconditional valuation of child care credits was the case in France until 2004 (recent reforms introduced conditions related to labour market participation⁴³).

As stated above, economy has to be understood as an interplay of its four interrelated modes, including the social reproduction of labour, encompassing education and care. It is challenging to specify a list of socially useful contributions and to institutionalize a connection with specific pension entitlements. It is not the intention of this contribution to deliver such a list. Yet we can point to some possible components by analyzing academic and political attempts to specify them.

Some countries have introduced care credits into their pension systems. Although it is correct that only those countries without universal basic pensions implemented such credits, there is no convincing argument to justify this exclusive linkage. On the contrary, a holistic approach adapted to the anthropological concept of the economic dimension, values necessary contributions to the system differently from those related to the market economic mode. Actual pension care credits, in different countries, entitle one to different rights in terms of: (1) absolute (fixed) or relative (income related) monetary means; (2) full-time, part-time or non interruption of labour market participation; (3) the duration

⁴³ We disagree with Ferrera and Rhodes who call for 'incorporating "equitable" and "updated" norms in the crediting of contributions for involuntary or socially valued interruptions of work (for example, training or caring periods)' (2000: 269) since this conditionality of credits on work interruption firstly contradicts the *per se* valuation of socially useful contributions and secondly hampers women's equal positioning on the labour and skill market (Frericks & Maier forthcoming).

of building up care-related entitlements; (4) the number of children cared for, and so forth. In some countries, there are additional care credits for parental care of handicapped children.

Another socially useful contribution discussed (partly introduced in the UK or as a possibility in Germany and the Netherlands) is geriatric care. And there are of course various additional useful time investments which could be thought of. This discussion tends to lead to the approach of the so-called third sector (Lipietz 1992). However, the similarity may concern the valuation of activities, not the categorization of them. Furthermore, education credits are (very differently institutionalized) part of some countries' pension systems.

To conclude, what we call the second layer would serve social cohesion in two ways. Firstly, by contributing to the gender contract (not in the sense of gender roles but in the sense of a more or less 'just' valuation of different activities, and not exclusively the activities in the market mode), and secondly, by contributing to the generation contract. Therefore, the costs of this layer should be covered by general revenue and not by specified groups only (through e.g. payroll taxes charging wages only)⁴⁴.

Third layer pensions

The third layer (3) of our pension utopia already exists in all European countries: labour market related pension entitlements. Since we analyze the meaning of different pension reasons, we do not differentiate

⁴⁴ The realistic utopian pension system needs, as existing pension systems do, further elaboration of (new) financial responsibilities and a critical analysis of resource flows in general. For instance, which sources can be tapped for the national budgets as general revenue in times of supranational economies? (De Graaf *et al.* forthcoming).

between occupational and private pensions or between PAYG or funded pensions, presupposing that firstly, both resources are related to the labour market as a financial resource or as a commodity in the widest sense, and that secondly, the management of these financial contributions is very controversial and of rather secondary interest when comprehending this layer as complementary. As resource flows are mainly related to the market economy and as productivity in the wider sense is necessary to maintain wealth, labour market contributions need to be valued as societal ones do. For most researchers, this is rather self-evident, so we will not discuss this kind of legitimacy any further.

What we do want to discuss in more detail is the problematic preconditions and calculation norms that determine how such entitlements are built up. As Ferrera and Rhodes (2000: 268) put it: ‘The elimination of transfers that can be identified as *inequitable* (because they are grossly disproportional to contributions), *outdated* (because they are out of step with the structure and distribution of needs) or *perverse* (because they generate significant work disincentives) appears desirable both for normative and practical reasons.’ We will focus on the following issues: (a) proportionality of contributions and entitlements; (b) identities of the insured; and (c) security of the investments.

(a) Calculation norms may lead to disproportional benefits in relation to contributions. Differences in wages and in the quality of contracts are rather ‘normal’ in capitalist welfare states. However, there is no legitimate reason why calculation norms of pension entitlements should even extend these differences. Nonetheless, this is the case in many pension systems. In the Netherlands, for instance, double wage income may result in fourfold pension entitlements (Herderschee 2004). A

comparable effect can be observed in France where the calculation formula, based on time, may lead to a 50 per cent loss of pension benefits when one pays 12 per cent less contribution (Veil 2002). This is an extreme example of a malus regulation; and a lot of bonus-malus regulations have recently been introduced in different countries (Missoc 2004). In addition, several countries' pension systems include specific tax regulations that are generally more beneficial for higher income earners. Such additional disproportionalities lack legitimacy.

(b) Moreover, different recent pension reforms partly undermine the nature of pensions as an insurance by transforming them into individual account systems. If, however, pension arrangements change their meaning from old age insurance to (individual) old age savings, social cohesion is under threat (Ewald 1986). This is even more the case in times of unstable labour markets. All contributions to economic productivity should be included in this 'third layer insurance': those by the self employed, by low wage earners, lawyers and labourers – just to name a few - alike. This is not yet the case due to a variety of conditions (qualifying periods, groups specific pension schemes, and so forth). Some countries are changing these conditions as well as unifying their pension sub-systems, and, concerning membership, extending their differently separated systems (e.g. Germany, France, Denmark).

(c) More individualized pension investments entail more individualized insecurity. Scandals in Britain and the US, for example, have served to indicate the powerlessness of people when faced with big firms going bankrupt, which completely annihilated the companies' huge pension responsibilities (Blackburn 2003). An opposite example is the highly regulated and collective pension funds in the Netherlands. Obligations of

pension funds are strictly regulated so that comparable disasters are unlikely to happen. The Dutch system also manifests considerable fantasy by combining calculation methods, such as ‘defined benefit’ systems and ‘defined contribution’ systems. Such pension formulae are in line with some academics’ perspectives. Myles (2002), for instance, argues against fixed rates in general, in favour of flexible rates necessary to sustain PAYG systems, which are more suitable when it comes to creating trust. In our opinion, pension funds, or indexation in general, could even be regulated in a more sophisticated way, combining overall and long-term profits (and losses) with a more general redistribution.

To conclude, the three issues of ‘third layer pensions’ (proportionality, identities of the insured, and security of investments) can be handled more democratically if legally instituted, i.e. regulated, in the pension system as such.

6.6 Coming full circle: citizenship and pensions

Pensions as a kind of ‘societal property right’ institute a socialized ownership (Musgrave & Musgrave 1989, Hills 2004). Therefore, pensions should be in accordance with the norms of citizenship. Regarding pensions from such a perspective, we have come full circle: pension rights as part of social rights belong to citizenship rights, although continuously contested by various power struggles. However, compared with its political brother and civil sister, pension rights as specific social rights, are barely understood and have not been discussed in this light up until now.

Our realistic utopia does not come close to any pension system classification as, for instance expounded by Bonoli (Bismarckian or Beveridgean systems) or by Pierson (categorizing pension systems into those who moved PAYG to FF before the system matured and those who didn't), or others, also due to the fact that our layers do not correspond to pension schemes or 'pillars'. Our attempt has been to formulate a holistic concept of welfare systems, recombining democratic citizenship (rights) and long-term necessities of economic and polity sustainability.

Table 6.4 Citizenship norms and realistic utopian pension entitlements: an illustration

	Freedom	Equality	Solidarity
Specification	Trust, social cohesion, security of investments	Valuation of activities in different economic modes, proportional benefits, inter- and intra- generational justice	inter- and intra-generational solidarity
Contested points	Role of the state, regulations	List of socially useful activities, concrete value of basic pensions and of different pension credits, indexation (redistribution)	Transitional labour markets, financial responsibility of transnational companies, migration
Economic modes	Basic freedom via welfare economy, additional investments based on financial means (market economy)	Credits for socially useful activities via welfare economy, additional investment equally valued via rule of law, all modes included	Welfare economy and regulations, more fantasy to establish new sources and to combine resources

This realistic utopian pension system would combine what is fragmented or partly even ignored in present-day welfare and pension systems: the different economic modes and the traditional values of citizenship, including the long-term sustainability of capitalist welfare states. The dichotomy between the public and the private is the crux of welfare systems in gender terms. Another dichotomy is artificial, namely that of (individual) self-interest, including freedom, and solidarity, sustaining social cohesion. The art is to find equality in opportunities to comply with different life course tasks to solve the Prisoners' Dilemma of our systems. The art is also to provide choices to combine elements of different life courses without the risk of living in poverty in old age.

Citizenship rights, which are defined as individual rights, have to be combined with citizenship duties in the sense that the reproduction of the polity is not solely related to economic growth but to all the four modes of the economy. The different essential activities related to these economic modes, summarized by us elsewhere in the term 'activeness', are therefore different from the concept of 'economic citizenship' (Kessler-Harris 2003) which sticks to the problems correlated with the concept of commodification. Our understanding of citizenship and the social identities involved, entitling one to various rights, is a holistic, anthropological, long-term sustainable one.

6.7 Final remarks

We are aware of the fact that this text has many loose ends. We do not pretend to weave them together in these final remarks. We limit ourselves here to indicating a number of important points for further reflection.

Firstly, the ‘realistic utopia’ we formulated here for pension systems cannot be used without many changes being made for other welfare arrangements.

Secondly, we already underlined the interdependence between welfare arrangements and other economic modes, and more generally, with other dimensions, such as political ones. For example, we did not address at all the process of political decision making⁴⁵. Neither did we work out in any detail the various interdependencies between pension systems and other welfare arrangements, the relationships between pension systems as belonging mainly to the economic mode of the welfare economy and other economic modes (with the exception of the household economy), nor did we address the difficult question of how our conception of norms (derived from a dynamic version of citizenship) is related with the worldview we used when introducing the question of the reproduction of present-day capitalist societies.

Finally, we have limited ourselves to designing a realistic utopia concerning pensions for European polities. But at the same time, we recognized the existence of a significant interdependence between all the polities in the world system. Therefore, we cannot pretend that the realistic utopia suggested here has any autonomy. On the contrary, we are fully aware that only a theory of the worldwide dynamic of more or less uneven reproduction and transformation of the world system would permit us to indicate the limitations of our work and to go beyond these limitations.

⁴⁵ Debates on decision making and implementation of different norms are numerous. One might think of the exchange of Nancy Fraser, arguing on her concept of ‘participatory parity’, and Axel Honneth (2003), comprehending social policy as little steps towards utopia.

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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.

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8 Samenvatting in het Nederlands

Van het proefschrift

Rechten zetten:

levenslopen, hulpbronnen en de dynamiek van burgerschap in Europese pensioensystemen

8.1 Samenvatting

Dit proefschrift beoogt drie vragen te beantwoorden. De eerste vraag betreft de betekenis van hedendaagse hervormingen van pensioenstelsels als een complex verzorgingsstaat arrangement. In dit proefschrift wordt toegelicht dat sociale rechten en sociale identiteiten van burgers veranderen als gevolg van nieuwe normen. Eigen verantwoordelijkheid is vandaag de dag het trefwoord en het criterium van een nieuwe norm voor de levensloop, terwijl de mogelijkheden om te voldoen aan deze consumentistische, geïndividualiseerde norm van eigen verantwoordelijkheid afnemen. Daarnaast zijn er structurele deficiënties als gevolg van suboptimale condities die leiden tot verschillende vormen van in- en uitsluiting, zoals suboptimale markten (arbeidsmarkt, kapitaalmarkt en de re-integratiemarkt) en suboptimale informatievoorzieningen (aan de aanbodkant, de vraagkant en de re-integratiekant). Deze structurele deficiënties zijn nauw verbonden met wat Bonoli (2005) ‘nieuwe sociale risico’s’ noemt. Flexibele arbeidsmarkten en de groeiende vraag naar kennis en vaardigheden maken dat grote groepen burgers moeilijk kunnen voldoen aan de nieuwe levensloopstandaard. Hervormingen in de pensioenen gaan desalniettemin steeds vaker uit van zo’n nieuwe standaard en wel op rigide wijze. Maar zelfs al zouden individuele burgers kunnen voldoen aan deze nieuwe normen dan nog leveren ze een probleem op voor de verzorgingsstaat als zodanig.

Vanuit twee perspectieven voldoen de huidige hervormingen van de pensioenstelsels in verschillende Europese landen niet aan het criterium

van duurzaamheid. Allereerst laten ze na de uitdaging van gevarieerde levenslopen serieus te nemen omdat ze sociale rechten koppelen aan ideale in plaats van aan realistische patronen van arbeidsmarktparticipatie. Op de tweede plaats onderschatten ze de gevolgen van wat in dit proefschrift ‘de paradox van het krimpende midden’ is genoemd. Op de toenemende vraag naar publieke pensioensvoorzieningen bij afnemende middelen wordt onvoldoende geanticipeerd. Wat nodig is zijn lange termijn benaderingen terwijl de huidige hervormingen vooral gebaseerd zijn op korte termijn perspectieven.

De tweede vraag betreft de gender dimensie van de herdefinitie van sociale rechten. Dit proefschrift toont aan dat het pensioen van vrouwen paradigmatisch is voor het succes van de hedendaagse pensioenhervormingen; het is een toetssteen voor de relatie tussen de levensloopstandaard en de vereiste middelen om aan die standaard te voldoen. Vanwege de continuering van op gender gebaseerde structuren van alle aspecten van de economie, impliceert gender nog steeds significant ongelijke mogelijkheden om sociale rechten op te bouwen. Naar gender gesegregeerde arbeidsmarkten (zoals de mate van participatie, loonverschillen, opleidingsmogelijkheden, functies, de aard en de kwaliteit van de contracten) en de naar gender gesegregeerde sociale voorzieningen die zowel positief als negatief discrimineren, hebben cumulatieve effecten op sociale zekerheidsaanspraken. Afgeleide rechten zijn verouderd nu partnerrelaties minder stabiel zijn en burgers vaker van partner wisselen, vaker samenwonen en het aantal eenoudergezinnen en alleenstaanden toeneemt. Het implementeren van

een pensioensysteem dat nog in hoge mate gebaseerd is op het traditionele gezin is zeker inadequaaf.

In combinatie met het reduceren van uitkeringen gericht op individuele behoeften is het huidige beleid tegenstrijdig en tenminste ambigue. Een oplossing is niet eenvoudig te vinden. Zelfs als het beleid gebaseerd zou zijn op hetzij de norm van geïndividualiseerd burgerschap hetzij de norm van een traditioneel gezin, zouden in beide gevallen burgers, en in het bijzonder vrouwen, te maken krijgen met een suboptimaal systeem. Op de eerste plaats omdat volledige individualisering onmogelijk is. Levens van burgers zijn relationeel – zowel vanuit het perspectief van de burger die (familie) verbanden aangaat als vanuit het perspectief van de sociale voorzieningen. De sociale voorzieningen beïnvloeden levensloopkeuzen en sociale identiteiten omdat ze precies op het snijvlak van de markteconomie en de huishoudens economie opereren. De voorbeelden die in dit proefschrift zijn behandeld betreffen de verschillende rechten, reguleringen (onder andere de belastingaftrek) en faciliteiten voor zorg. De complexe relaties tussen deze componenten van de economische orde dagen uit tot een herbezinning op de rol van gender in tijden van individualisering. Niet in het minst moet de vraag gesteld worden of volledige individualisering wenselijk is en voor zover dat wenselijk is, welke vorm moet dat dan aannemen?

Dit proefschrift biedt verschillende argumenten waaruit duidelijk wordt dat de hedendaagse interpretatie van individualisering gebaseerd is op problematische assumpties. Allereerst is dat de assumptie dat zorg volledig aan de familie (de-familializing care) kan worden onttrokken en kan worden gecommodificeerd. Een tweede probleem doet zich voor bij de assumptie van volledige eigen verantwoordelijkheid en de daaruit

voortvloeiende mogelijkheid voor lange termijn planning van sociale zekerheid, van sociale risico's en van de levensloop als zodanig. Talloze veranderingen in de pensioenen zouden nodig zijn om de misfit tussen de nu hervormde pensioenen en de levensloop van vrouwen te corrigeren. De recente herzieningen van de pensioenstelsels voldoen daar bij lange na niet aan, zoals de casestudies in dit proefschrift laten zien.

Het perspectief op meer diepgaande veranderingen in pensioenstelsels wordt bepaald door het publieke discours en de publieke middelen. In plaats van uitbreiding van die middelen constateren we echter dat de verzorgingsstaten hun eigen bestaansvoorwaarden ondermijnen met de recente veranderingen. De publieke middelen, bestaande uit belastingen en premies vormen de voorwaarde voor sociale rechten en daarmee voor sociale identiteiten. Het reduceren van die middelen ondermijnt de democratische invloed op de levensloopnormen. Hoe meer deze gerelateerd worden aan arbeidsmarktparticipatie, hoe minder ruimte er is om recht te doen aan andere lange termijn belangen van individuele burgers en van de samenleving als zodanig. Investerings in de samenleving, in gezondheid, zorg, onderwijs etc. zijn van grote waarde voor duurzaamheid, sociale cohesie en sociale rechtvaardigheid. Deze principes worden buiten het technische debat over de hervormingen van pensioenstelsels gehouden.

Ook andere complicaties kunnen zich voordoen in het geval van suboptimale ontwikkelingen, zoals echtscheiding of verweduwing. En hoewel de formule van het delen van pensioenrechten bij echtscheiding een verbetering is ten opzichte van de oude situatie, doet ook deze regeling onvoldoende recht aan de variatie in levenslopen met financiële

gevolgen omdat het alleen betrekking heeft op de periode van het huwelijk. Dat vrouwen tijdens het huwelijk een achterstand in werkervaring en werkcapaciteit oplopen, die gevolg zullen hebben op hun uiteindelijke pensioensopbouw, is met de splitsing van pensioenen niet te repareren.

De cumulatieve effecten van verschillende ‘sociaal geconstrueerde eigenschappen’, zoals gender, sociale klasse en etniciteit, zijn uiteengezet in de verschillende artikelen waaruit dit proefschrift bestaat. Daarin zijn deze eigenschappen gerelateerd aan andere sociale aspecten zoals onderwijs, informatie, macht etc.. De combinatie van sociale categorieën en sociale aspecten doet de complexiteit van het vraagstuk alleen maar toenemen, waaruit eens te meer de misfit tussen individualisering en de nieuwe rigide levensloopnormen blijkt.

De derde vraag in dit proefschrift betreft de normatieve en praktische rechtvaardigheid die de sociale rechten van burgers moet legitimeren. De huidige herzieningen van de pensioenstelsels bevatten een positieve component: door burgers als individuen te beschouwen maken ze een eind aan de dominantie van de mannelijke norm. In de praktijk echter is volledige individualisering van burgers met gelijke sociale rechten nog steeds een utopie. Dat is de reden waarom bijstellingen van de op de mannelijke norm gebaseerde verzorgingsstaat arrangementen geen recht kunnen doen aan individuele burgers.

De huidige bijstellingen van de pensioenen zijn vooral technisch van karakter. De meeste zijn gebaseerd op korte termijn denken en niet coherent, zoals de verschuiving van publieke naar private pensioenen vanuit de optiek van kostenreductie. De kostenreductie zal voor een

groot deel weer teniet gedaan worden door een toename van administratieve kosten (Hills 2004). Op de lange termijn zullen veel meer gepensioneerden dan nu het geval is, niet in staat zijn voldoende private pensioenen op te bouwen en afhankelijk worden van de bijstand. We constateren dat, om dit tegen te gaan en de publieke kosten in de toekomst niet te laten stijgen, er opnieuw een discussie wordt gevoerd over de verantwoordelijkheid van familieleden voor elkaar. Een voorbeeld daarvan is de discussie in Duitsland over de vraag of de verantwoordelijkheid van volwassen kinderen voor de financiële situatie van hun ouders weer hersteld moet worden. Dit staat haaks op het principe van individualisering. Zulke discussies bevorderen bepaald niet het vertrouwen in de herzieningen en ondermijnen de sociale cohesie zoals blijkt uit de terminologie waarin men in Duitsland over dit probleem spreekt, namelijk als een ‘oorlog tussen de generaties’.

Dit proefschrift trekt hedendaagse pensioenhervormingen in twijfel omdat ze *in de praktijk* niet in staat zijn het pensioenprobleem van vrouwen (of van burgers in het algemeen) op te lossen. De *theoretische* alternatieven benaderen in de verste verte niet een algemeen aanvaardbare oplossing voor zowel de logica van de levensloop als van de middenstroom. De voorgestelde idealen hebben weinig van doen met de bestaande verzorgingsstaten of ze monden uit in technische verbeteringen die nog steeds gebaseerd zijn op het mannelijk model. Gehanteerde concepten zijn per definitie omstreden, inclusief gender, klasse en burgerschap. Het concept ‘gender verschil’ is even omstreden als het concept gender gelijkheid en het wordt steeds aannemelijker dat uitgegaan moet worden van een combinatie van beide concepten. ‘Neither equality nor difference, then, is a workable conception of

gender equity’ (Fraser 1997: 44, zie ook Fraser and Honneth 2003). De combinatie van gender verschil en gender gelijkheid maakt deel uit van het algemene concept burgerschap dat in dit proefschrift verkend wordt ten behoeve van de analyse van veranderingen in pensioenen. Maar dat is niet voldoende. Wat nodig is, is een analyse op het scherpst van de snede over de mogelijkheid om enerzijds het gender karakter van burgerschap niet te ontkennen en anderzijds een einde te maken aan gender segregatie. Welke vormen van positieve of negatieve discriminatie zijn nodig om individuele burgers hun leven te laten leven zonder gender segregatie te handhaven of zelfs te bevorderen? Met andere woorden welke normatieve levenslopen zullen in de toekomst worden gelegitimeerd?

De vraag is dus welke veranderingen in pensioensystemen nodig zijn om duurzaamheid en rechtvaardigheid te bevorderen. Een begrip dat steeds vaker opduikt in het discours hieromtrent is sociaal kapitaal. Er is sprake van een opkomend bewustzijn van het belang van andere activiteiten dan alleen arbeidsmarktparticipatie. In abstracto beantwoorden deze ‘andere activiteiten’ aan de logica van de institutionele aspecten van het economisch proces, voldoen ze aan het ‘Prisoners’ Dilemma’ van duurzaamheid evenals aan de circulariteit van de democratische verzorgingsstaat arrangementen. De verschillende herzieningen van de pensioenstelsels die in dit proefschrift zijn geanalyseerd richten zich op specifieke korte termijn aanpassingen. Ze schieten echter tekort als het gaat om algemene en lange termijn veranderingen. De herzieningen zijn te beperkt om te voldoen aan de hedendaagse veranderingen die zich in het sociaal burgerschap voltrekken.

De combinatie van de levensloopbenadering en de middenstroom benadering biedt een unieke mogelijkheid voor het op elkaar betrekken van pensioenhervormingen in het bijzonder en burgerschap in het algemeen. In navolging van Olsen's teleologische benadering (2006) en Fraser's realistische utopie (1997) is in dit proefschrift een realistische pensioensutopie ontwikkeld. Zo'n benadering onderscheidt zich fundamenteel van alle andere opties die aangetroffen worden in de wetenschappelijke literatuur over pensioenen. Zoals ik eerder stelde, gaat het hier niet om een ideaal of een normatieve utopie te presenteren. Wat gepresenteerd wordt is een realistische utopie, een die zowel de interne logica volgt van de hedendaagse kapitalistische verzorgingsstaten als de logica van de beleidssystemen die ontwikkeld worden om duurzaamheid te bevorderen. In navolging van filosofen (Honneth in Fraser and Honneth 2003, Kelsen 2003, etc.) ben ik van mening dat rechtvaardigheid alleen bereikt kan worden door het elimineren van de vele verschijningsvormen van onrechtvaardigheid. Zo'n benadering maakt ook de vraag naar het normatieve of feitelijke karakter van veranderingen minder urgent, wat inderdaad neigt naar een tegemoetkoming aan een beleidsadvies. Dat mag zo gelezen worden; als we het Prisoners' Dilemma van onze verzorgingsstaten serieus nemen en de duurzaamheid van onze samenleving interpreteren als een collectief goed, zijn er legitieme argumenten om in dit collectieve goed te investeren. De argumenten van dit proefschrift om een lange termijn en omvattende benadering te kiezen staan echter in schril contrast tot de korte termijn feitelijke politieke adviezen.

In dit proefschrift nuanceer en herinterpreteer ik verschillende benaderingen van de sociale werkelijkheid en construeer ik daaruit

nieuwe combinaties van concepten. Bijvoorbeeld door het concept ‘investeringsstaat’ van Anthony Giddens (1999) op een andere wijze inhoud te geven. Ik ga ervan uit dat concepten en hun implementatie onderwerp van voortdurende strijd zijn, in de Weberiaanse betekenis van de strijd om de definitie. Hoe zo’n begrip wordt geïnterpreteerd heeft direct invloed op de aard van de burgerschapsrechten en hangt af van de publieke ruimte, dat wil zeggen van het discours en de middelen. In de artikelen in dit proefschrift wordt verwezen naar auteurs als Martin Kohli (1986), Hans-Werner Sinn (2000) en Stephan Lessenich en Matthias Möhring-Hesse (2004) die zich allen baseren op het concept ‘sociaal contract’. Dit sociaal contract, zo stellen ze, is zowel een generatie contract als een gender contract. Het op deze manier interpreteren van duurzaamheid en solidariteit komt overeen met de manier waarop middenstromen en levenslopen in dit proefschrift worden geïnterpreteerd. Een afname van solidariteit en totale en onconditionele individualisering zoals wordt voorgesteld door Giddens staat haaks op het idee van sociaal contract en bijgevolg ook op wat we onder samenleving verstaan. Aristoteles dacht ooit dat alleen goden en dieren buiten een samenleving zouden kunnen leven, en mensen zijn geen van beide. Tegen die achtergrond herinnert François Ewald (1986) aan het Clavière programma uit 1787 dat individueel voordeel koppelt aan publieke rijkdom. Het inzicht dat solidariteit intrinsiek is aan de samenleving als system is dus niet nieuw, noch theoretisch noch politiek. Vandaag de dag wordt solidariteit echter niet geïmplementeerd en ontbeert het vooral publieke erkenning.

Dit proefschrift bestaat uit vijf artikelen die als volgt op elkaar aansluiten: Het eerste artikel, ‘The gender pension gap: Effects of norms

and reform policies' geeft een overzicht van de aspecten die van belang zijn bij het opbouwen van pensioenrechten. De vier aspecten die besproken worden zijn relevant voor alle Europese pensioensystemen, namelijk: (1) arbeidsmarktparticipatie in de vorm van levenslange loopbanen, naar sekse gesegregeerd werk en de invloed van belastingen en loonafspraken (op individueel en collectief niveau); (2) zorg, inclusief zorgkredieten in pensioenen en werkloosheidsuitkeringen, ouderschapsverlof en levensloopschema's; (3) onderwijs, in het bijzonder levenslang leren; en (4) de relatie tussen deze subsystemen en hun complexe invloed op het pensioenniveau. Met andere woorden, in dit artikel behandel ik de relatie tussen pensioenschema's en de zogenaamde gender neutrale berekeningsnormen. Dit overzicht, waarin de gendereffecten van de pensioensnormen én die van de pensioenhervormingen naar voren komen, wordt gevolgd door twee casestudies. Hierin bespreek ik twee pensioensystemen waarin sociale rechten niet louter gebaseerd zijn op arbeidsmarktparticipatie.

De eerste casestudie - 'Shifting the pension mix: consequences for Dutch and Danish women'- analyseert de invloed van universele basispensioenen zonder middelentoets op het pensioen systeem. De tweede casestudie - 'Male norms and female rectifications: the influence of care credits on gender pension gaps in France and Germany'- analyseert de effecten van zorgkredieten voor de opbouw van het pensioen op de pensioenkloof tussen mannen en vrouwen. Beide maatregelen, universele basispensioenen en zorgkredieten, worden in hoge mate aanbevolen, onder andere door de EU, als een oplossing voor de lagere pensioenaanspraken voor vrouwen. Ook in het Verenigd Koninkrijk wordt overwogen om deze maatregelen in te voeren om de

armoede onder oudere vrouwen tegen te gaan. Omdat ik de aandacht richt op de dynamiek van (gendered) burgerschap en niet op armoede onder ouderen, kan ik laten zien dat deze aspecten maatregelen de potentie hebben om het pensioen van vrouwen te verbeteren maar bij lange na niet voldoende zijn om het probleem van de enorme pensioen kloof tussen de seksen op te lossen.

Na de casestudies volgt een vierde artikel waarin een theoretische analyse wordt gemaakt van recente hervormingen van pensioenstelsels. Dit artikel: 'Pension reforms in Europe and life-course politics' laat zien dat de met name de institutionele hervormingen van de pensioenstelsels uitermate problematisch zijn en bestudeerd moeten worden vanuit een adequate, coherente en holistische benadering. Deze benadering, zo zal ik beargumenteren, moet gebaseerd zijn op een combinatie van de concepten levensloop en middenstroom.

Ik rond mijn proefschrift af met een theoretische verhandeling in het slotartikel; 'Worlds of legitimate welfare arrangements: a realistic utopia on pensions'. Hierin wordt allesbehalve een normatieve utopie geschetst. Integendeel, de utopie die hier wordt gepresenteerd is gebaseerd op de interne logica van hedendaagse kapitalistische verzorgingsstaat economieën. Met alle beperkingen die kunnen worden voorzien streef ik ernaar een vergezicht te ontwikkelen op een duurzame op de kapitalistische economie gebaseerde verzorgingsstaat. Het zal niemand verbazen dat ik meen dat de duurzaamheid van zo'n verzorgingsstaat slechts gegarandeerd is als levenslopen en middenstromen daarvan de basis vormen.

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9 Curriculum Vitae

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Employments

03/2003 - Junior Researcher, junior lecturer and PhD candidate
02/2007 at the University of Utrecht

09/2002 - Internship at the World Health Organization,
12/2002 Department Global Disease Alert and Response
(WHO/CSD/CRS/GAR) and at the United Nations
Institute for Disarmament Research (UNIDIR),
Internal research project on the legal and political
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03/2002 - Press Officer at the International Academic Forum
09/2002 Bonn: Centre for Development Research (ZEF) &
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Publications

- Chapter (in print) ,The gender pension gap: Effects of norms and reform policies’, Patricia Frericks & Robert Maier, in Martin Kohli, Camila Arza (eds) *The Political Economy fo Pensions: Politis, Policy Models and Outcomes in Europe*. London: Routledge.
- Social Politics* (forthcoming) European pension reforms: individualizing, privatizing and gender pension gaps, Patricia Frericks, Robert Maier & Willibrord de Graaf
- Social Policy and Administration* (forthcoming) Pension reforms in Europe and life-course politics, Willibrord de Graaf, Robert Maier & Patricia Frericks
- European Societies* (forthcoming) Policy for the ‘peak hour’ of life. Lessons from the new Dutch Life Course Savings Scheme, Robert Maier, Willibrord de Graaf & Patricia Frericks
- Chapter (forthcoming) ‘Worlds of legitimate welfare arrangements’, Patricia Frericks & Robert Maier, in Diederirk Aerts, Bart D’Hooghe and Nicole Note (eds), *Worldviews, Science and Us: Bridging Knowledge and its Implications for our Perspectives on the World*. Singapore: World Science.
- Social Policy and Administration* 40, 5 (2006): 475-492 Shifting the pension mix: consequences for Dutch and Danish women, Patricia Frericks, Robert Maier & Willibrord de Graaf
- Discussion paper August 2006 ‘Rentenreformen und ArbeitnehmerInnenrechte im EU-Vergleich – Zwischen Eigenverantwortung und Solidarität’, Patricia Frericks & Robert Maier WSI – Diskussionspapiere Nr. 147, August 2006 (Wirtschafts- und Sozialwissenschaftliches Institut in der Hans-Böckler-Stiftung).
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- ‘What about women’s pensions? Concepts and European developments’ (translated into French and German)

Submitted articles

- Gender, Work and Organization*
- European pension reforms and the challenge of gender pension gaps, Patricia Frericks, Robert Maier & Trudie Knijn
- European Societies*
- Male norms and female rectifications: the influence of care credits on gender pension gaps in France and Germany, Patricia Frericks, Robert Maier & Willibrord de Graaf
- Administration and Society*
- Towards a neo-liberal Europe? Ambiguous lessons from pension reforms, Patricia Frericks, Robert Maier & Willibrord de Graaf
- Community, Work and Family*
- Pension norms and pension reforms – the effect on gender pension gaps, Patricia Frericks, Robert Maier & Willibrord de Graaf
- Journal of Public Policy*
- The ‘paradox of the shrinking middle’: life course and social policy, Mark Harvey, Robert Maier & Patricia Frericks

Recent research project & Visits

- 03/2003 –
03/2006
- Research projects: European research programme “Employee’s resources and social rights in Europe” (RESORE), part of the Fifth Framework Programme

- 01/2005 – Research period at the Free University (FU/OSI) and
02/2005 the Humboldt University (HU), Berlin
- 11/2004 – Research period at the London School of Economics
12/2004 and Political Science (LSE), London

Conference contributions

- Bremen
21-23 Sept.
2006
Stream convenor with Robert Maier, Stream 3: ‘Social Policy based on a Life Course Perspective’
4th Annual ESPAnet conference, Transformation of the Welfare State: Political Regulation and Social Inequality
- Bristol
6-7 July 2006-
06-23
‘The “paradox of the shrinking middle”: life course and social policy’, Policy & Politics International Conference: ‘Reconnecting Policy and Politics’
- Aalborg
4-6 May 2006
, ‘Worlds of legitimate welfare arrangements’
Globalisation and the Political Theory of the Welfare State and Citizenship, 4th International Conference organised by the Danish Network on Political Theory and Aalborg University
- Berlin
1-2 Dec. 2005
‘Zwischen Eigenverantwortung und Solidarität: Rentenreformen und ArbeitnehmerInnenrechte in 8 EU-Mitgliedstaaten’, with Robert Maier
Herbstforum des WSI (Wirtschafts- und Sozialwissenschaftliches Institut), "Der Sozialstaat zwischen Eigenverantwortung und Solidarität"
- Brussels
11 May 2005
‘Pension reforms in European countries’, with Robert Maier
EMPLOYEES' RESOURCES AND SOCIAL RIGHTS - International conference
- Florence
13-14 May
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‘Pension norms and pension reforms – effects on gender pension gaps’
Workshop 'Pension Reform in Europe' at the European University Institute
- Brussels
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‘What about Women's Pensions? Concepts and Recent European Developments’
EIPA-CEFASS European Training Centre for Social Affairs and Public Health Seminar ‘Pensions, Labour

	Markets and Family Responsibilities – Designing a New Social Security Architecture’
Bath 1-2 April 2005	‘Towards a neo-liberal Europe? Impressions gained by pension reforms’ ESPAnet Young Researchers Workshop 'Governance of Social Policy in the New Europe'
Amsterdam 22-23 April 2004	,Shifting the Pension Mix: Consequences for Dutch and Danish Women’ Siswo 11e Sociaal-wetenschappelijke studiedagen
Copenhagen 13-15 Nov. 2003	‘Women’s Position in European Pension Systems and the Tendencies of Privatization’, with Robert Maier and Willibrord de Graaf ESPAnet conference "Changing European Societies - The Role for Social Policy"

Education

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10/1994 - 07/1996	Studies in Cath. Theology and German studies at the Friedrich-Wilhelms-University Bonn
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