

The London School of Economics and Political Science



*The Political Economy of
Private Pension Provision*

Pieter Tuytens

A thesis submitted to the European Institute of the
London School of Economics for the degree of
Doctor of Philosophy, London, November 2018

Declaration

I certify that the thesis I have presented for examination for the MPhil/PhD degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it).

The copyright of this thesis rests with the author. Quotation from it is permitted, provided that full acknowledgement is made. This thesis may not be reproduced without my prior written consent.

I warrant that this authorisation does not, to the best of my belief, infringe the rights of any third party.

I declare that my thesis consists of 64591 words.

Abstract

Welfare privatisation is generally analysed as welfare state retrenchment or liberalisation: reducing the role of *public* provision is understood as reducing the role of the *state* in allocating welfare benefits. This thesis starts from the puzzling observation that pension privatisation seems to go hand in hand with more active state interference in the allocation of private pensions. In order to explain the political dynamics that drive state intervention in the organisation of private welfare, this project moves away from established explanations based on electoral politics and social partner mobilisation. Instead it focuses on the interaction between states as independent actors with a stake in stabilising the welfare system, and financial welfare providers with a commercial interest in public support for private welfare.

The first paper examines why Germany and the UK - despite having very different institutional backgrounds - exhibit a surprisingly similar shift away from their voluntarist approach to organising private welfare since the 1990s. This supports the central argument of this thesis.

The second paper focuses on explaining one important aspect of recreating social protection within private welfare provision: the ability to organise collective risk-sharing to protect against financial volatility. Whereas prevailing explanations focus on social partner voluntarism, this paper compares Denmark and the Netherlands to argue that analytical attention should shift to how regulatory frameworks are required for overcoming distributional struggles.

The third paper explains regulatory interventions that go against financial interests in order to achieve social objectives. Examining efforts in the UK to reduce pension charges, it shows that variation in regulatory decisions does not necessarily reflect differences in pressure by voters or organised interest groups. Instead policy-makers make their own assessment of whether regulatory intervention promotes the expansion of private welfare provision – balancing social stability with commercial viability.

Acknowledgements

My gratitude goes out to countless persons, but to those who follow in particular.

Waltraud Schelkle is the best mentor a student can possibly hope for. Possessing the unique quality of being as compassionate as demanding, Waltraud has not only guided me past the many hurdles of the PhD but also serves as an example and inspiration for all my future work. The only way I can express my gratitude to her, is by pursuing the same level of commitment and generosity regarding others.

Bob Hancké his influence goes far beyond the sharp feedback during meetings. His uncompromising questions (Why should we care about this? What would be the observable implication of that?) are permanently echoing through my head. No one should write a thesis on pensions without somebody like Bob as a supervisor to draw you back to the big picture.

Ann-Sophie, without your love and endless patience I would have never written this PhD. I depended on you, more than one should – and I know there is no way I can ever thank you enough. If I learned anything from this project, it is the immeasurable value of every single moment shared with you and Oliver. Now it is time to take this lesson to heart.

My mother and father have encouraged me empathically and unfailingly in all the major decisions of my life. Giving both the freedom to make mistakes, as well as the unconditional support to fall back on when things go wrong, is the most valuable gift parents can give their child. Karen and Jeroen, moving abroad only made me realise more how much I care for you.

Finally there are several people whose advice and support have thoroughly shaped this thesis. First of all, I want to thank Nick Barr and Noel Whiteside for their thoughtful and constructive comments on the first version of this thesis. I also had the good fortune to be able to develop my thinking by participating in the STARS project; benefiting from regular discussions and valuable comments by Tobias Wiss, Anke Hassel, Deborah Mabbett, Karen Andersen, Marek Naczyk, Margarita Gelepithis and Waltraud Schelkle. Over the course of the years I received useful feedback during several workshops and conferences; I am particularly grateful to Kevin Featherstone, Christine Trampusch, Paul Bridgen, Traute Meyer, Richard Deeg; Natasha van der Zwan and Abby Innes.

TABLE OF CONTENTS

Abstract	3
Acknowledgements	4
Table of Contents.....	5
List of Tables and Figures.....	8
 <i>Introduction</i>	
THE POLITICAL ECONOMY OF PRIVATE WELFARE PROVISION	9
<u>1. The political economy of private pension provision</u>	<u>9</u>
1.1 Bringing the state back in to explain intensifying intervention.....	13
1.2 Aligning social and non-social objectives in private pension provision.....	15
<u>2. Empirical background</u>	<u>19</u>
2.1 Welfare privatisation as public retrenchment.....	19
2.2 Increasing state intervention in private provision.....	23
2.3 Multiple layers of regulation: what about EU influence?.....	27
2.3.1 Direct influence through EU legislation.....	27
2.3.2 Indirect influence through policy coordination.....	30
<u>3. Theoretical framework</u>	<u>32</u>
3.1 Existing theoretical perspectives to welfare state reform.....	32
3.1.1 Functionalist approach to welfare state development	32
3.1.2 Interest-based approach to welfare state development	34
3.1.3 Institutional approach to welfare state development	37
3.2 A 'state-centric' perspective to explaining private welfare reform	39
<u>4. Analytical framework</u>	<u>44</u>
4.1 State intervention in welfare provision: providing conceptual clarity	44
4.1.1 Structuring different dimensions.....	46
4.1.2 Distinguishing between public and private.....	47
4.1.3 Specifying the regulation dimension.....	48
4.1.4 Fiscal intervention.....	49
4.2 Developing a taxonomy: state intervention and pension objectives	50
<u>5. Presenting research design, methodology and the three papers</u>	<u>54</u>
5.1 Summary Paper 1.....	57
5.2 Summary Paper 2.....	59
5.3 Summary Paper 3.....	61

Paper 1

THE POLITICAL ECONOMY OF PRIVATE WELFARE PROVISION: WHAT DRIVES ACTIVE STATE INVOLVEMENT IN SHAPING PRIVATE PENSIONS WITHIN GERMANY AND THE UK? **63**

1. Changing state involvement in public and private pension pensions	63
2. Explaining the relationship between public and private pension reforms	68
2.1 Existing approaches	68
2.1.1 Identical reform dynamics	68
2.1.2 Distinct reform dynamics	71
2.2 Proposed framework: distinct yet related reform dynamics	73
3. Case Study: Pension reforms in Germany and the UK	77
3.1 Reform dynamics in Germany	78
3.1.1 Public and private pension reforms in Germany	78
3.1.2 The limits of voluntarism in Germany	84
3.2 Reform dynamics in the UK	86
3.2.1 Public and private pension reforms in the UK	87
3.2.2 The limits of voluntarism in the UK	89
3.3 Discussion	94
4. Conclusion	97

Paper 2

ORGANISING PRIVATE SOCIAL PROTECTION: HOW TO EXPLAIN DIFFERENT EXPERIENCES WITH COLLECTIVE RISK-SHARING DURING CRISES IN DENMARK AND THE NETHERLANDS? **99**

1. Recreating social protection within private welfare provision	99
2. Analytical framework	105
2.1 Existing approaches: Can social partners fill the gap of social protection? ...	105
2.2 The role of regulations in structuring distributional conflicts	106
3. Case Study: Private social protection in Denmark and the Netherlands	110
3.1 Similar systems, diverging experiences	110
3.2 Analysis: Differences in organising collective risk-sharing	116
3.2.1 Differences in organising collective risk-sharing	116
3.2.2 Organisational differences can account for diverging experiences	119
3.2.3 Regulatory underpinnings of organisational differences	121
4. Discussion and conclusion	126

Paper 3

COUNTERING FINANCIAL INTERESTS FOR SOCIAL PURPOSES: WHAT DRIVES STATE INTERVENTION IN PENSION MARKETS IN THE CONTEXT OF FINANCIALIZATION? 130

<u>1. Regulatory politics when financial and social interests are in conflict</u>	<u>130</u>
<u>2. Established explanations for state intervention in financial welfare markets</u>	<u>134</u>
<u>3. Towards a better explanation: bringing the state back in</u>	<u>136</u>
<u>4. A state-centric approach to explain the shift towards stricter regulations</u>	<u>139</u>
4.1 Why did Labour relaxed regulations in 2004?	140
4.2 Why did the coalition government introduce stricter regulations in 2014? ..	143
<u>5. Alternative explanations and why they do not hold up</u>	<u>150</u>
5.1 The role of electoral considerations.....	150
5.2 The role of organised interest groups.....	151
<u>6. Conclusion</u>	<u>155</u>

Conclusion

THE 'PRIVATE SOLUTION' AS A NEGOTIATED OUTCOME 158

<u>1. Overall conclusions of the thesis</u>	<u>162</u>
1.1 Theme I: A state-centric explanation of private welfare reforms.....	162
1.2 Theme II: Private welfare provision as a negotiated outcome.....	166
1.3 Theme III: Achieving stability through trust	172
<u>2. Three broader contributions</u>	<u>177</u>
2.1 State-market relationship.....	177
2.1.1 Politics-against-markets.....	178
2.1.2 Politics-for-markets.....	179
2.1.3 Politics-through-markets.....	180
2.1.4 Entanglement between states and markets.....	181
2.2 Conceptualising welfare states	185
2.3 Financialization	188
<u>3. Limitations and future research questions</u>	<u>190</u>
3.1 Limitations.....	190
3.2 Future research questions.....	194
References.....	196

LIST OF TABLES

Table 1: Taxonomy of state interventions in private pension provision	51
Table 2: Organisational characteristics of collective risk-sharing.....	108
Table 3: Coverage and gross pension replacement for DK and NL.....	111
Table 4: Gross total replacement rates in DK, 2005-2050.....	111
Table 5: Organisational characteristics of collective risk-sharing in DK and NL.....	118
Table 6: Breakdown of requests for intervention to address charges per party.....	147

LIST OF FIGURES

Figure 1: Main reform pressures in the organisation of private pensions	18
Figure 2: Long-term growth in pension expenditure	21
Figure 3: Evolution of theoretical replacement rates from 2005 to 2050.....	23
Figure 4: Three-dimensional approach of welfare systems.....	45
Figure 5: Traditional representation of social policy approaches.....	64
Figure 6: Reform dynamics as a 'tug-of-war' along a single conflict dimension	70
Figure 7: Proposed approach: linking two conflict dimensions	74
Figure 8: Hypothetical replacement rates for selected OECD countries.....	101
Figure 9: Pension funds' asset allocation for selected OECD countries.	116

INTRODUCTION

THE POLITICAL ECONOMY OF PRIVATE PENSION PROVISION

1. The political economy of private pension provision

Despite widespread concerns regarding welfare retrenchment, the state has regained prominence in studies of welfare reform. Many scholars have pointed out that governments are not simply reducing their engagement with social policy; instead their activities are increasingly constituting a ‘social investment state’ rather than a ‘welfare state’ (Busemeyer et al. 2018; Ferrera 2009; Hemerijck 2012; Morel, Palier, and Palme 2012). Even if states have consolidated and transformed more traditional social policies that focus on social protection – so the argument goes – states also expanded policies that address ‘new social risks’ (Bonoli 2007; Esping-Andersen 1999b; Taylor-Gooby 2004). These social policies do not simply compensate for loss of income, but play a productive role by focusing on ‘creating, mobilizing, or preserving skills’ (Garrizmann et al. 2017). Furthermore, states have been playing an active role in the politics of welfare reform by actively ‘engineering’ new reform coalitions to support this modernisation of the welfare state (Häusermann 2010).

Yet even for the ‘old social policies’ – such as old age income security – it is increasingly clear that the hand of the state is still very visible (Hyde and Dixon 2008; Leisering 2011; Mabbett 2012; Whiteside 2006b). Many countries did succeed in significantly scaling back the level of public pension promises (Häusermann 2010; Levy 2010; OECD 2013). But conflating ‘public’ and ‘state’ conceals that states play a

considerable role in shaping the private provision of welfare. In particular, it obscures how states steer the allocation of private welfare benefits by intervening actively in how private welfare provision is organised. While such efforts to reshape private provision to meet public policy objectives is not a new practice (Whiteside 2006a), several scholars have noted *increasing* levels of regulatory intervention; concluding that the role of welfare states is not so much diminishing, as it is shifting from welfare provider to regulator (Leisering 2011).

This thesis starts from the observation that pension privatisation seems to go hand in hand with more active state intervention in the allocation of private pensions. As will be illustrated more extensively in the second section, most governments have sustained a voluntarist approach to organising non-state pension provision until well into the 1990s. This voluntarist approach means that the organisation of occupational and personal pensions is left to the discretion of private actors. Employers generally could choose whether to provide occupational schemes to their employees or not, while saving into a private pension scheme was fiscally encouraged but depended on the workers' decision to do so. Yet since the mid-1990s, we observe that governments are increasingly using fiscal and regulatory instruments in order to *constrain* the discretion of individual actors. In several countries, employers are now compelled to contribute to workers' schemes; these schemes are often initiated without active decision by these workers and subject to new regulatory restrictions (for example regarding costs or the ability to differentiate between workers). So households as well as employers now have less scope to make their own decisions regarding private pensions than they had a few decades earlier. As a result, distributional outcome of private pension provision depends relatively less on 'private initiative'. In conclusion, even though the role of the state in terms of allocating public pension benefits has decreased, the role of the states in shaping the allocation of private pension benefits has increased over the past few decades.

The intensifying involvement of governments in shaping private pension provision suggests a more complex picture of the shifting role of states in organising social protection; one that can neither be captured by simple welfare state retreat, nor by a shift from social protection to social investment. Earlier studies have made great contributions by identifying and documenting increasing state involvement in private welfare provision (Hyde and Dixon 2008; Leisering 2011), yet they stop short of providing a coherent explanation for these reform dynamics. This thesis builds on these efforts by using a political-economic approach to explain why states decide to engage in or abstain from more active intervention in the organization of private welfare provision. Hence the main research question that motivates this thesis: What drives governments to shift away from voluntarism towards more active forms of intervention, even as they maintained the general thrust of welfare state liberalisation and pension privatisation?

The general message of this thesis is that public and private reform dynamics cannot be understood in isolation from each other, but have to be analysed together. Throughout this thesis I will show that efforts to reduce or contain the level of direct fiscal commitments (by reducing public pension provision) do not mean that governments withdraw from the organisation of welfare provision; instead governments find themselves *compelled* to intervene more intensively in the organisation of private welfare provision. In other words, interventions in private welfare provision are to a large extent driven by the need to promote a welfare system that is both politically and fiscally stable. This thesis investigates and explains how public reform efforts spill over into private reform dynamics.

Before discussing the key arguments, it is good to pause for a moment to ask why we need to explain interventions in private pension provision at all. Why would we not expect that governments intervene more intensively just when non-state provision becomes more important (especially given that voluntarism is likely to lead to socially undesirable

outcomes)? The reason why such interventions are not self-evident is that they do not only bring social and political benefits; restricting individual discretion is costly and entails political risks. Abandoning voluntarism always involves costs: it requires effort to make individuals act in a certain way if they do not do so voluntarily. In the case of steering private pension decisions, these costs can be very substantial. Providing tax incentives establishes a very considerable fiscal burden. Forcing employers to achieve security standards or to provide contributions creates important administrative and non-wage labour costs, hampering their competitiveness. Obliging individuals to save results in lower take-home pay, which is very often seen as an additional tax. So whether it is tax-payers, employers or workers who bear the costs, imposing such costs is likely to be politically unpopular (Pierson 2001; Vis 2010). Moreover, increasing the visibility of state involvement in shaping markets can be politically risky in itself. If states have a heavy hand in shaping private provision, this increases the probability that individuals will seek recourse from governments if their expectations are disappointed (Mabbett 2012). In conclusion, interfering in the organization of private welfare is seldom unproblematic and straightforward (otherwise we should expect that regulatory interventions are much more widespread and consistently applied). It means that we have to explain why governments decide to engage in or abstain from more active interventions, as well as why certain interventions are preferred over others.

The existing literature suggests several plausible reasons to explain why governments decide to intervene more intensively in the organisation of private welfare, despite the cost and risks involved in doing so. A functionalist approach to studying welfare states would suggest that the rise of interventions simply reflects the increased visibility of market failures; as private provision becomes more important, tackling the many market failures becomes increasingly important as well (Altman 1992; Gunsteren and Rein 1985). Others would point at the electoral benefits of regulatory intervention; the electoral benefits of intervention could outweigh the costs mentioned earlier (Gingrich 2011). Another plausible explanation focuses

on the need for governments to appease resistance against public cut-backs, this by promoting compensation through private provision (Bonoli and Palier 2007; Pierson 2001b). Others argue that interest groups use non-social objectives (such as financial market development) to convince governments that it is worth engaging in costly interventions in private pension provision (Naczyk 2013; Naczyk and Palier 2015). Section 3 will discuss these very different theoretical explanation in more detail. Each is plausible and touches on interesting aspects of the reform dynamics, yet I will show that all of them encounter difficulties in making sense of the observed reform dynamics.

My thesis proposes a different approach to explain intensifying state intervention in private pension provision; it is based on two main arguments. The first argument is that a state-centric approach can better explain intensifying interventions in the organisation of private pension provision. The second argument is that, to understand when and how these interventions materialise, it is necessary to take into account the different political-economic interests regarding the organisation of private pension provision.

1.1 Bringing the state back in to explain intensifying intervention

The first argument builds on the broader research agenda aimed at ‘bringing the state back in’ (Evans, Rueschemeyer, and Skocpol 1985; Skocpol 2008). This approach starts from recognising that states are “autonomous actors” who “formulate and pursue goals that are not simply reflexive of the demands or interests of social groups, classes, or society” (Skocpol 1985, 9). As such, this thesis shifts the analytical attention beyond the more traditional focus on non-state actors to explain differences in the organisation of private pension provision. The literature that studies variation in the design and outcome of occupational pension funds predominantly focuses on the role of social partners in shaping this variation; for example on basis of their different interests (G. Clark 2003; Pavolini and Seeleib-Kaiser 2016), different organisational capacities of social partners (Trampusch 2007; Wiß 2012), or differences in

relative strength between unions and employers (Ebbinghaus 2011b; Ebbinghaus and Wiß 2011; Wiß 2015a). Also the existing explanations for intensifying regulatory intervention analyse regulatory decisions mainly as a response to external pressure. This can be electoral pressure (see for example the partisan explanation by Gingrich 2011) or pressure by organised interest groups (for example “vested interests” in public provision - see Bonoli and Palier 2007; or business and financial actors - see Naczyk 2013; and Leimgruber 2008). Because the existing literature focuses on the influence of non-state actors, it tends to reduce the role of policy-makers to that of a ‘transmission belt’ – translating pressure into decisions.

Throughout this thesis I show that shifting our analytical focus to the autonomous role of the state, acting on basis of its own interests, provides insights into reform dynamics that remain obscured in these traditional approaches. More specifically, I find that governments are predominantly interested in ‘containing fiscal liabilities’ in the long run. Governments are not simply interested in ‘getting out’ of expensive public promises, but also in their ability to ‘get out and stay out’ in the longer run. Even if governments manage to successfully reform their public pension provision and reduce direct fiscal liabilities, they are not immune to public demands for improved old age income adequacy. When assessing the adequacy of their old age income, households take into account their overall pension package – including private pensions as well as public benefits (Grech 2013; Rein and Rainwater 1986). The need to achieve overall pension adequacy gives governments a clear stake in the outcome of private provision (see also Mabbett 2012). So when private provision does not contribute to overall adequacy, pressure on public provision is considered likely to re-emerge. In order to capture this key feature that these new liabilities only materialise when pressure emerges, it is helpful to borrow a concept from literature on fiscal stability – namely contingent liabilities (Altman 1992; Heller 1998; Polackova 1998).

This thesis argues that interventions in private provision should be understood on basis of state efforts to control contingent liabilities (i.e. reducing the probability that contingent liabilities materialise into direct explicit liabilities). Voluntary organisation of private provision tends to result in low levels of coverage and adequacy, this for reasons that are well-understood (Barr 2012b, 158–65): the sheer complexity of the information necessary to select pension schemes or investment strategies often prevents people from making good decisions, or even from making any decision at all (i.e. bounded rationality); even when information is available, people are prone to procrastination and inertia (i.e. bounded will-power). State interventions in private pension provision can improve adequacy, coverage and security by addressing those market failures; yet these interventions involve restricting the discretion of non-state actors – for example by requiring workers or employers to contribute to a private scheme. In each paper I find that governments are often reluctant to intensify social interventions in light of resistance by households, employers or other actors. Reluctance can be aggravated because evaluating the long-term social stability of a pension system involves significant uncertainty. First of all, the outcome depends on how much households decide to save and how markets perform. Secondly, there is no certain way to tell what households consider to be sufficiently adequate and at what level they will mobilise (Chybalski and Marcinkiewicz 2016). So even if regulatory interventions can improve social viability, political reluctance and uncertainty mean that there is generally quite some scope for assessing whether and which intervention is appropriate.

1.2 Aligning social and non-social objectives in private pension provision

The first argument stresses the important role of the state as an autonomous actor to explain intensifying intervention in private pension provision; yet it also recognises that there is often quite some scope to decide whether further intervention is necessary and in what way governments should adjust the organisation of private pension provision to promote social-political viability. The second argument is that, in order to better understand when and how

these interventions materialise, we have to take into account how social concerns align with non-social interests regarding the organisation of private pension provision; this with particular attention to the role of financial actors.

This argument on non-social interests regarding the organisation of private pensions builds on the financialization literature. The main thrust of this literature is that financial considerations increasingly penetrate other dimensions of social life (van der Zwan 2014). Scholars of the ‘welfare-finance’ nexus show that welfare arrangements have important financial implications that shape decisions in the social sphere. For example, different ways to organise occupational pension schemes have different consequences for how corporations are financed – including their access to patient capital (Estévez-Abe 2001; Jackson and Vitols 2001; McCarthy, Sorsa, and van der Zwan 2016; Naczyk 2015); but also for the development of financial markets (Naczyk 2013; Naczyk and Palier 2015). These ‘non-social’ interests create incentives for non-state actors to influence regulatory interventions that shape the organisation of private pension provision.

In line with these insights, this thesis shows that financial actors play a more complex role in shaping reforms than is commonly acknowledged. Whereas the existing literature tends to oppose financial and social interests (see Naczyk 2013), I argue that financial actors convince governments to engage in costly interventions by strategically aligning their commercial interests with broader yet less mobilised social concerns. On the one hand, financial pension providers have an interest in pension privatisation because they make profits on managing funded pensions. On the other hand, the financial sector knows that voluntarism results in limited coverage – which means underdeveloped market potential. This suggests that the pension industry has a commercial interest in encouraging state interventions that constrain voluntarism in order to promote the expansion of coverage and adequacy.

In this thesis I find that this surprising alliance between social concerns and the commercial interests of financial pension providers allows the latter to convince governments to engage in costly interventions, especially when governments are reluctant and when electoral pressure is absent. This illustrates the theoretical pattern proposed by Trumbull (2012) – where a smaller group with specific interests manages to influence policy decisions by linking their narrow interest to less-mobilised interests of a much wider group. This analysis of the influence of financial actors differs from existing approaches in at least two ways. Whereas earlier work analyses the influence of finance on policy-makers by focusing on economic and financial arguments (see Naczyk 2013; Naczyk and Palier 2015), I show that financial actors aim at shaping regulatory decisions on basis of social arguments (in particular by stirring concerns regarding the ‘savings gap’ between what people expect to receive and their actual savings). More generally, traditional theory of organised interest pressure analyses influence on basis of instrumental or structural power (Culpepper 2010; Hacker and Pierson 2002). This thesis specifies that the capacity of financial actors to influence policymakers is mainly derived from their capacity to sway the assessment of policy-makers as to which regulatory decisions best promote the state’s own objectives regarding social-political stability.

Even though this thesis finds that financial actors play the most pro-active role in promoting social interventions, this does not mean that unions and employers do not shape these decisions. Insofar as governments require their support to promote private pensions (e.g. employers have to accept higher contributions), social partners can hamper or promote social interventions. As with financial actors, I show that decisions regarding regulatory intervention are influenced by whether they align with non-social concerns of social partners regarding the organisation of private pensions. These non-social objectives of unions and employers regarding the organisation of occupational pensions can relate to several areas – ranging from human resource management and corporate finance to collective bargaining (Shalev 1996).

Even if regulatory interventions are not driven by those concerns, intensifying intervention can be acceptable to social partners when they align with these non-social objectives (even if it constrains their discretion) and contested when they do not. For example, in the first paper I show that German unions initially resisted the Riester reforms, until adjustments were made that would strengthen their negotiation position in collective bargaining. So even if social partners are not the main drivers of regulatory intervention, they do play a role in explaining why certain decisions are made rather than others.

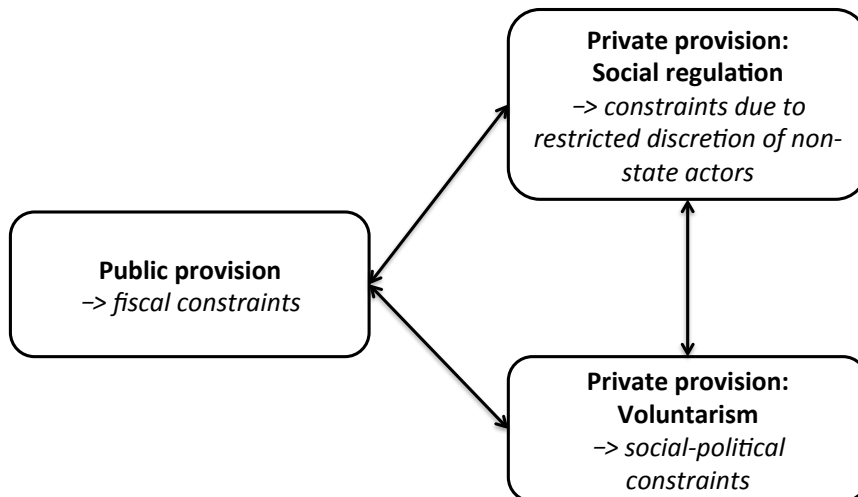


Figure 1 Overview of the main reform pressures in the organisation of private pensions

To conclude, this thesis argues that reform dynamics within private pension provision are shaped by the tensions described in the two main arguments (see Figure 1). Efforts to reduce fiscal pressure result in greater reliance on private pensions to secure overall pension adequacy. As long as there are concerns regarding the social-political viability of relying on private provision (which would result in re-emerging pressure on public provision), there will

be pressure on states to promote social outcomes by intervening in the organisation of private pensions – hence shifting further away from voluntarism. Financial actors in particular play an important role in cultivating pressure on states to expand coverage and adequacy. While those interventions improve social adequacy, they also restrict the discretion of non-state actors. Hence the ability of governments to promote the social viability of private pensions depends on their capacity to create and maintain sufficient support for these interventions. It remains an open question whether shaping the organisation of private pensions can ensure adequate levels of pension provision to avoid re-emerging pressure on public provision – this given the constraints of intensifying interventions. Yet this dynamic helps explaining why states appear to be increasingly entangled in, rather than retreating from, the organisation of social protection.

The rest of the introduction will be structured as follows. First I present a brief overview of the empirical context of the reform dynamics that form the basis of the research question of this thesis. Next I present the theoretical framework – contrasting existing explanations with the proposed state-centric approach to explain intensifying state intervention. On basis of this theoretical framework, I develop the analytical framework that will be used to investigate the different ways states can intervene in the organisation of welfare provision. Finally, I clarify the methodological decisions and research design used to approach the research question, followed by a brief presentation of the three papers that will constitute the thesis.

2. Empirical background

This section briefly explores and juxtaposes the two reform dynamics that are at the basis of this research project. First I discuss welfare privatisation as a process of public retrenchment. Subsequently I discuss reforms resulting in increasing state involvement in the organisation of private welfare provision. Finally I take a closer look at the main regulatory initiatives at the level of the European Union.

2.1 Welfare privatisation as public retrenchment

Welfare provision is one of the most visible and profound ways in which states have an impact on its citizens. The best known task of welfare states is that of fighting poverty and redistributing resources; less familiar but at least as important is the role welfare states play in assisting households to prevent sharp drops in income (Baldwin 1990; Barr 2001; Hacker 2002). This includes income smoothing from working life to retirement, but also protecting families against the threat of social risks (such as sickness, unemployment or outliving one's savings). In the absence of welfare states, families could rely on markets to borrow and save in order to distribute income across time; or they can participate in private insurance schemes. However, market-based provision of insurance is replete with failures that result in suboptimal outcomes (e.g. families share less risks than they would want to when given the opportunity); providing a strong rationale to organise collective systems through the welfare state (Barr 2012b). Indeed, during the past century most countries have dramatically increased the scope of public welfare provision – both in terms of responsibilities and channelling resources in order to perform these commitments (P. H. Lindert 2004; Nullmeier and Kaufmann 2010).

The rising level of fiscal involvement of the state in the organisation of social protection resulted in growing pressure to reduce its direct social commitments (Flora 1986; Offe 1984; Pierson 1994). High levels of social expenditure were increasingly considered to

be a fiscal burden and argued to be unsustainable in light of slowing economic growth, demographic change, high unemployment and globalisation (Clayton and Pontusson 1998; Garrett 1998; Korpi and Palme 2003; Scharpf and Schmidt 2000; Schwartz 2001; Swank 2002). This is particularly the case for pension provision; Figure 2 illustrates the fiscal challenges in terms of expected long-term growth in pension expenditure by 2060.

Long-term growth in pension expenditure as a percentage of GDP (2010-2060)

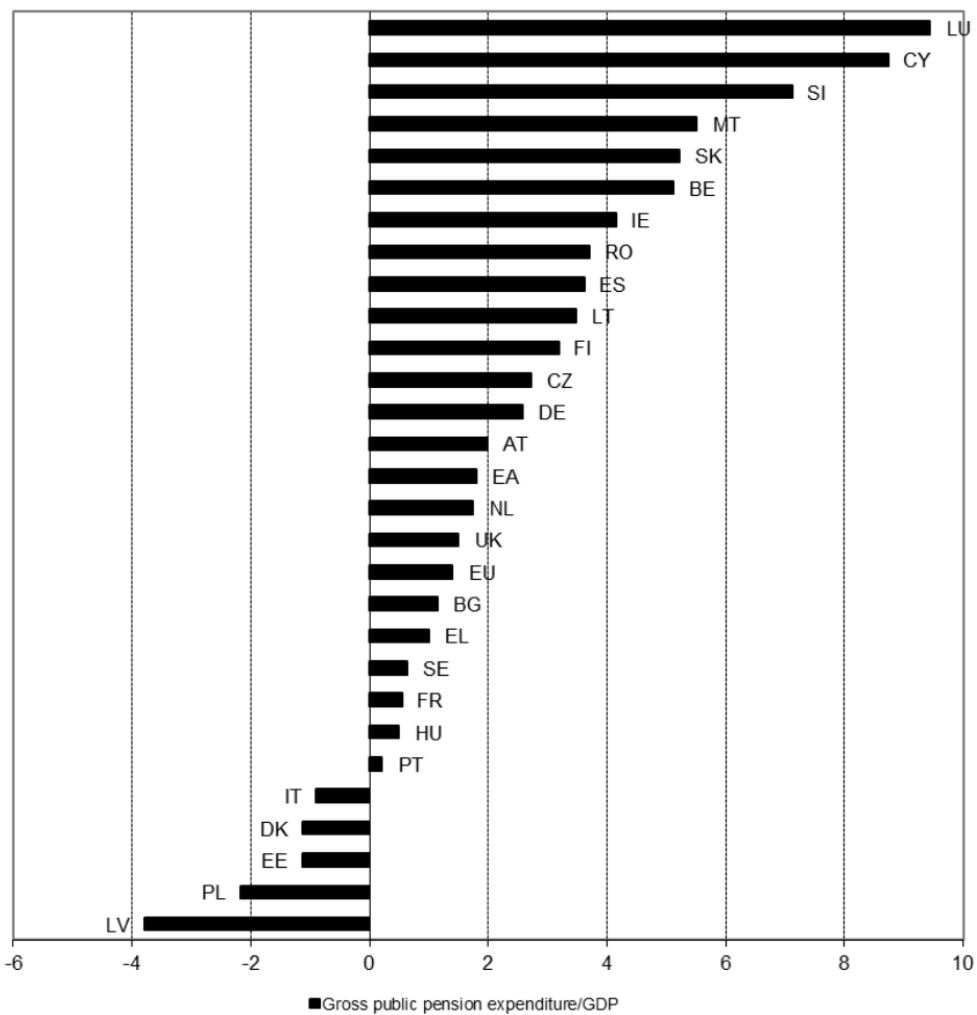


Figure 2 Long-term growth in pension expenditure as a percentage of GDP (2010-2060)

Source: European Commission (2013, 3): Fiscal Sustainability Report 2012.

Accordingly, the research literature shifted attention from explaining the expansion of public welfare provision to explaining retrenchment. Initial studies focused on explaining why welfare systems appeared largely resilient in face of these pressures (Pierson 1994, 2001b; Esping-Andersen 1996b; Ferrera and Rhodes 2000). Yet subsequent studies showed that, despite resistance against retrenchment, governments still manage to privatise provision through less visible and gradual strategies that still add up to a ‘path-departure’ in pension policy (S. M. Brooks 2005; Clark and Whiteside 2003; Ebbinghaus and Gronwald 2011; Ervik 2005; Häusermann 2010; Hacker 2004; Levy 2010; Orenstein 2008; Palier 2010; Thelen and Streeck 2005). This means that, even in countries where earnings-related pensions used to be provided through public provision, households now have to rely on private sources of welfare to achieve similar replacement levels. Calculations of the expected Theoretical Replacement Rate¹ (TRR) show that for several countries, legislative reforms are expected to significantly reduce statutory pensions by 2050 (Figure 3) (SPC 2006, 16).² Accordingly, the European Commission concludes that: “Generally, adequacy outcomes have become more conditional on longer and less interrupted working lives and on supplementary pension schemes that depend on returns in financial markets.” (European Commission 2012a, 31). So from the perspective of public provision of old age income security, pension privatisation does indeed suggest the gradual withdrawal of the state from organising social protection.

¹ “Theoretical Replacement Rates (TRR) are defined as the level of pension income the first year after retirement as a percentage of individual earnings at the moment of retirement. Thus they provide a proxy for the standard of living that people can achieve in retirement compared to their situation when working.” (European Commission 2012a, 33)

² I present data directly from the “Report by the Indicators Sub-Group (ISG) of the Social Protection Committee (SPC)”. This is the same data that underpins the reports by the European Commission; yet these reports do not differentiate between statutory and occupational pensions.

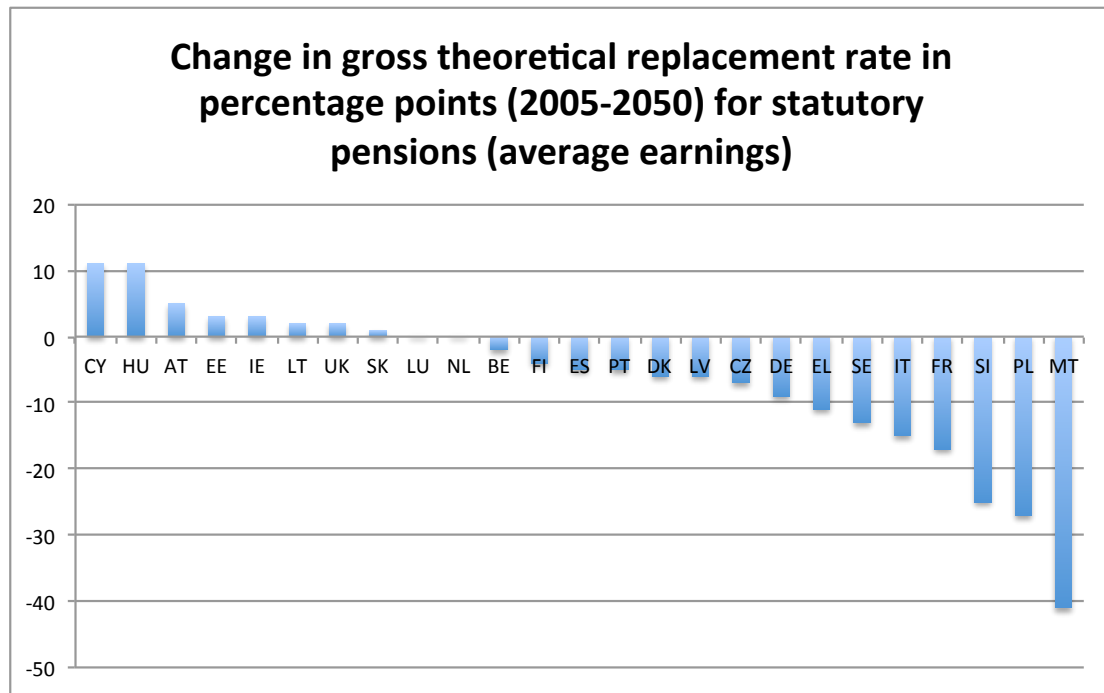


Figure 3 Evolution of theoretical replacement rates from 2005 to 2050
 Source: Author representation of data from the Social Protection Committee (SPC 2006, 16)

2.2 *Increasing state intervention in private provision*

This section shows that, if we expand our focus to take into account differences in state intervention in private welfare provision, the previous observation of welfare state retreat is less straightforward. At the same time states are scaling back their involvement in terms of public pension provision, we observe intensifying efforts to shape the distributional outcomes of private pension provision.

Whiteside already revealed that states have long adapted private pensions to meet public policy objectives, if not to the same degree in every country (Whiteside 2006a). After the Second World War, governments in Germany, the Netherlands and Sweden actively promoted occupational welfare in order to meet growing demand for income-replacing pensions, as well as the financing needs of companies and facilitate economic revival in general. By supporting social partners in terms of expanding and administering occupational pension schemes, these governments were able to advance social solidarity as well as their

economic interests (Whiteside 2006a, 51). In contrast, similar efforts to encourage the spread of occupational schemes in the UK remained comparatively limited; resulting in less outspoken concordance between the public and private pension system (Whiteside 2006b, 49).

Interestingly, such efforts to intervene in private provision in order to achieve policy goals are not restricted to the post-war decades; this despite the wider trend towards deregulation and decline in popularity of active state interference in the economy (Deacon, Hulse, and Stubbs 1997; Scharpf 2000). If anything, distinctions between the public and private sphere have been increasingly ‘blurred’ during the more recent decades (G. L. Clark and Whiteside 2003; Ebbinghaus and Whiteside 2012). From the perspective of this thesis, it can even be argued that the level of interference has *accelerated* during the past few decades. In most countries, government initiatives to promote occupational pensions were still largely designed in line with the principle of voluntarism until the 1990s; households and social partners were strongly encouraged, but ultimately able to make the important decisions on their own accord. Since the 1990s, however, we observe that several governments increasingly use tax and regulatory policies in order to *constrain* the discretion of individual actors. But even in countries where governments departed from voluntarism already before the 1990s, we observe further state interventions throughout the subsequent decades.

Main examples of countries that experienced more far-reaching state intervention in the organisation of private pensions before the 1990s are the Netherlands, Switzerland and Denmark. For each of the three countries, we see that also long after these initial interventions the state continues to be involved in re-shaping occupational pensions; both in order to expand coverage and to deal with vulnerabilities arising from the financial crises in the 2000s. In the Netherlands, the state already played an important role in expanding occupational pension coverage as result of the 1949 act that mandates extension of agreements across the

sector to employers not covered by collective agreements (Anderson 2011, 305). Subsequent regulations further limited the ability of funds to refuse employees; including part-time workers since 1996 (Anderson 2011, 305). Furthermore, since the 2000s the government has introduced stricter governance rules that limit the traditional discretion of social partners in managing occupational pension funds (Ministerie van Sociale Zaken en Werkgelegenheid 2006; DNB 2015). Occupational pension provision in Switzerland was made mandatory in 1985 for employees older than 25 and with an income exceeding the ‘access threshold’ (Bonoli and Häusermann 2011, 333). In order to increase coverage of low-wage, part-time and atypical workers, often women, this access threshold has been reduced after a debate since the late 1990s (Bertozzi and Bonoli 2007, 128–29). During the past years, the Swiss government tries to pass legislation in order to preserve the financial sustainability of mandatory occupational pensions; yet these proposals have been rejected during a referendum in 2017. Finally, Denmark introduced quasi-mandatory occupational pensions in the late 1980s; these are organised by collective agreement yet underpinned by government regulations. During the past years, “the focus in pension policy has been on the challenges caused by the maturation of a complex multi-pillar pension system.”; in particular regarding the ‘coverage problem’ and the ‘savings disincentive’ problem (European Commission 2018b, 38). However, reform proposals have been held off until now by unions, employers, insurance companies and pension funds (European Commission 2018b, 38).

Countries that shifted away from voluntarism since the 1990s include Belgium, Germany and the UK. In Germany, employer discretion has been restricted since reforms in 2001 that specify that “employees can demand from the employer the opportunity for an employee financed pension by way of deferred compensation (*Entgeltumwandlung*) either within a company scheme or, if not existing, to an employee’s private pension insurance.” (Reiche 2014). More recently, new legislation has been introduced that aims for expanding coverage by allowing for auto-enrolment within collectively negotiated schemes (European

Commission 2018b, 49). Since two reforms in 1995 and 2003, Belgian employers can no longer differentiate between workers when there is no justifiable ground. Furthermore, the reforms provided the legal basis for organising collective agreements that are binding for all employers and employees covered in such sectors (De Deken 2011, 74). “A new scheme of "sectoral pensions" was introduced in 2003 (Law on the complementary pensions), in order to extend the second pillar of occupational pensions. Membership is mandatory at sector level, depending on collective agreements, but in those sectors where no collective agreement is concluded, enterprises can voluntarily install a second pillar pension plan. Wherever such pension plans exist in execution of the Law of 2003, adherence is compulsory for the entire workforce (of the firm or submitted to the sectoral collective agreement) and guaranteed by the employer.” (European Commission 2010, 3–4). Even in the UK, where employers and workers enjoyed almost full discretion until very recently, the Pensions Act of 2011 introduced auto-enrolment; pushing individuals into private pension saving and forcing employers to automatically enrol employees in qualifying pension schemes and to contribute to these schemes.

This does not mean that every country has shifted away from voluntarism as the basis for organising private pensions. Several countries have implemented regulations to promote expansion of supplementary pensions, but stopped short at actively restricting the discretion of non-state actors. For example, both France and Austria introduced such reforms in the early 2000s; yet arguably maintained high statutory replacement rates (da Conceicao-Heldt 2007, 187–88) (European Commission 2018b, 188). Sweden did reduce statutory replacement rate during the overhaul of its pension system in 1994 yet refrained from major interventions in private provision (Anderson and Immergut 2007); arguably because collective agreements between social partners already results in widespread occupational coverage to supplement statutory provision (Anderson 2015a).

2.3 *Multiple layers of regulation: what about EU influence?*

The focus of this thesis is on explaining intensifying interventions in private pension provision at a national level. Despite this focus on national regulations, it is clear that governments as well as social partners and the financial sector act within a broader regulatory context. Apart from international agreements that regulate the practice of financial firms and pension funds (especially in terms of accounting rules set by the International Accounting Standards Board), the EU shapes domestic policies both through regulations (e.g. Directives, Court rulings) and softer approaches (e.g. Open Method of Coordination). This thesis does not aim to explain regulatory reforms at the supra-national level. However, one cannot ignore these multiple levels of regulation insofar they could have an impact on regulatory developments at the national level. In this section, I briefly review the main initiatives at EU level – both in terms of regulations and policy coordination – to promote pension reforms; this in order to justify why they were not likely to play a decisive role in driving the domestic reforms this research project sets out to explain.

2.3.1 *Direct influence through EU legislation*

As Haverland remarks, the “European Union has only lately and reluctantly become involved in pension policy, and there is not much EU regulation focusing on the social aspects of pensions” (Haverland 2011, 175). Before evaluating to what extent social regulations at EU level could have had an impact on driving domestic regulatory developments, it is good to have a brief overview of the main policy decisions that affect public, occupational and personal pensions respectively (this overview is based on Anderson 2015b; and Schelkle forthcoming).

With respect to statutory public pensions, one of the key regulations coordinates social security systems among member states; it includes some mandatory private schemes (Coordination Regulation 883/2004; this regulation updated and modernised Regulation

1408/71). It makes public pensions portable through the 'waiving of residence rules'. Moreover, Regulation 883/2004 confers individual social rights on migrant workers and their families who have contributed to statutory pensions in another member state. Another important decision was to make public pensions non-discriminatory between men and women, codified in the Equal Treatment in Social Security Directive 79/7/EEC, which was, however, only very gradually implemented.

With respect to occupational pension provision, the main regulation is the Directive on Institutions for Occupational Retirement Provision (IORP 2003/51/EC) which is now overtaken by the IORP II Directive (2016/2341). This Directive aimed at facilitating cross-border provision of occupational pensions, by harmonising prudential supervision on the basis of the 'prudent person' principle (the new Directive sets tighter governance requirements). In order to promote mobility, Directive 2014/50/EU gives workers the right to retain their vested pension rights.

With respect to personal pensions, the Solvency II Directive (2009/138/EC) provides a harmonised supervisory framework that regulates the provision of life insurance and annuities as financial services. In terms of portability, the Safeguard Directive (98/49/EC) guarantees freedom of capital for pension payments. The most contentious regulation regarding the insurance sector is the Gender Equality Directive (2004/113/EC) after the Court of Justice of the European Union ruled that it had to be read as ruling out different tariffs for men and women in life insurance and annuities (Case C-236/09 Test-Achats).

This set of differentiated EU rules can be understood in the context of creating markets – both in terms of worker mobility and cross-border pension provision (Haverland 2007). Even so, they also have an important social dimension, in particular those that protect the rights of economic migrants and those that require gender equality. The increasingly strict

supervision of the insurance sector can be considered as promoting pension security. This tension between market creation and seeking to promote social policy regarding pensions through regulatory means has been examined by Haverland (2011). He shows that several actors at the European level sought to promote social objectives through shaping the IORP Directive: socialist MEPs, the EP Committee on Employment and Social Affairs and the EP Committee on Women's Rights and Equal Opportunity. Despite these efforts, Haverland (2011, 186) finds that "there was not sufficient political clout to implement solidaristic elements in the [pension fund] directive". Interestingly, the main push-back came from the Council that emphasised that national autonomy should prevail (see also Schelkle forthcoming).

This suggests that the scope for EU influence through regulations on domestic regulatory reform processes is quite limited. Even if governments pursued regulatory reforms aimed at restricting market-based provision of pensions at the domestic level, they resisted similar social regulations that were initiated at the EU level. Such resistance can be explained partially on basis of Member State's insistence on their ability to preserve national diversity of welfare systems (Haverland 2011, 185), as well as concerns about the fiscal implications of social regulations (exemplified by the strong mobilisation by Member States to contain the financial effects of the Barber ruling, which prohibited the use of different retirement ages for men and women in pension schemes; Anderson 2015b, 94). In conclusion, most pension-related regulations at EU level have a relatively weak social dimension; resulting in a limited capacity to drive regulatory reforms at domestic level. Where EU social rules do have a significant impact on domestic regulations, they tend to be quite focused on specific areas (specifically gender equality and portability rights) that only represent a small part of the more far-reaching regulatory reforms that will be discussed throughout this thesis.

2.3.2 *Indirect influence through policy coordination*

In the context of weak Community competences in the area of old age security, with governments strongly motivated to defend the prerogative of the national welfare state, efforts have been made to find alternative ways to shape domestic policy-making. The most prominent of these strategies is the Open Method of Co-ordination (OMC) in social policy, which was developed to “support welfare state reform through multi-lateral exchange among Member State bureaucrats and stakeholders, facilitated by the EU level” (de la Porte and Pochet 2012, 336). Pensions were one of these sensitive areas where an OMC process was launched in 2001, based on coupling social and economic goals, “thus partially rebalancing the more economic EU discourse on pension reform” (Natali 2009, 826; Wincott 2003). By including and measuring objectives such as ‘adequacy of pensions’ as well as ‘financial sustainability of pension systems’, the OMC method would be the more probable candidate to observe EU influence on domestic regulatory reform.

However, several scholars have argued that the Pensions OMC has turned out to be a ‘light’ process of coordination – much weaker than that on employment and other social policies (Citi and Rhodes 2007; de la Porte and Nanz 2004; Eckardt 2005; Natali 2007). It allowed for “little room for learning and no fundamental alteration of the incentive structure of the national policy-making process”, as well as “low participation of social partners and civil society organizations and restricted room for public debate” (Natali 2007, 3). In order to explain this relative weakness of the Pensions OMC, Natali concludes that there was significant resistance by Member States which were “not enthusiastic about more advanced forms of coordination” and instead defended a “strict respect of subsidiarity” (Natali 2007, 14). In other words, for reasons similar to resistance against legislative initiatives, it is unlikely that the Pensions OMC has been a main driver of regulatory reform at the national level.

Beyond the OMC, the European Commission has remained active in promoting not just fiscal sustainability but also pension adequacy, for example through periodical reporting on ‘adequacy and sustainability’ of pensions (European Commission 2012a, 2013, 2018a). Moreover, in 2012 the European Commission published the White Paper ‘An Agenda for Adequate, Safe and Sustainable Pensions’ (COM(2012) 55 final). It discusses the challenges to pension policies and presents policy proposals to address them. While the main challenge remains “increased financial pressure on national budgets”, the Commission includes several proposals aimed at supporting “complementary private retirement schemes by encouraging social partners to develop such schemes and encouraging Member States to optimise tax and other incentives” (European Commission 2012b). It is an interesting observation that the European Commission shows sustained interest in overall pension adequacy – not just in terms of poverty reduction but also income smoothing; in the conclusions I come back to this issue (see section 3.1 in the conclusions). However, for the purpose of the present discussion, the main observation is that these initiatives for policy coordination are too late in order to influence most of the reform dynamics we want to explain in this research project.

3. Theoretical Framework

3.1 Existing theoretical perspectives to welfare state reform

What drives state intervention in private welfare provision, this despite broader efforts to withdraw from responsibilities following from public provision and given the substantial fiscal and political costs involved? Over the past decades, scholars have developed a set of theoretical frameworks aimed at explaining which factors drive welfare state development. Given that the most prominent accounts within these broad frameworks have been developed to explain the expansion or retrenchment of public welfare provision, one should be careful not to transpose these insights blindly as potential explanations for state involvement in private welfare provision. Nevertheless, they provide a good starting point for the analysis within this thesis. In what follows I discuss three major theoretical approaches to explaining welfare state development: functionalism, interest-based approaches and new-institutionalism. For each approach I summarise how they explain the expansion and retrenchment of public welfare states, followed by a brief discussion of how they analyse the relationship between public and private welfare reforms.

3.1.1 Functionalist approach to welfare state development

The main idea of the functionalist approach is that explanations of welfare state development have to be sought in socio-economic shifts and the social pressures this creates, rather than in political or institutional factors. Functionalist explanations have played a prominent role in scholarly efforts to explain both the expansion and retrenchment of public provision of welfare. In order to explain why welfare states dramatically increased their spending on social welfare during the 20th century, researchers argued that they did so in order to meet the social needs that resulted from industrialisation (Kerr 1960; Wilensky 1975) or the modernisation of society (Gough 1979; Flora and Heidenheimer 1981). Subsequently scholars tried to account for the welfare state retrenchment by investigating the link with economic and social change;

ranging from international developments such as globalisation, to shifts at domestic level such as unemployment or demographic change (Mishra 1999; Schwartz 2001; Tanzi 2002). The idea is that these social and economic developments leave little choice to governments but to partially dismantle the existing welfare system. Hence “problem pressure” is considered to be the main driver of both the expansion and retrenchment of state involvement in the organisation of social protection (Schwartz 2001). Even though functionalist explanations have been subject to widespread criticism (see below), most scholars accept that problem pressure is one of the main drivers of welfare reforms in general and pension reform in particular (Starke 2006).

Maturing pension promises and demographic change have been often quoted as the main reasons why governments considered pension privatisation to be necessary. A similar functionalist reasoning has been used to suggest that “problem pressure” drives state involvement in private welfare provision, this following the growing need for such intervention given the social deficiencies of voluntaristic organisation (see for example Antolín and Stewart 2009; Pugh and Yermo 2008; Stewart 2010). Already during the early stages of privatisation, scholars anticipated growing levels of state regulation of private welfare provision in response to problems with efficiency and equity (Altman 1992; Gunsteren and Rein 1985). Subsequent advances in the field of welfare economics have demonstrated why the problems with market-based provision of welfare are indeed perfectly explainable (Barr 2002, 2012b). In light of the many market imperfections of private pension insurance, there is a very strong case for state involvement in the organisation of old age income security, both on grounds of equity and efficiency. Pension privatisation only strengthens the case for intervention, given the growing salience of private welfare for many households.

Even though this functionalist argument appears to explain the dual dynamic of privatisation and increased intervention very well, many scholars question whether problem pressure translates directly into policy decisions. Criticism regarding the functionalist explanation of the link between public and private welfare reforms is supported by the observation that similar levels of problem pressure result in very different degrees of state initiative. It is, moreover, difficult to explain on a functionalist basis why interventions are often not further pursued even when it is clear that not all social needs and market failures are addressed. The following two theories try to account for variation in state intervention by focusing on the political factors that mediate problem pressure and policy decision.

3.1.2 Interest-based approach to welfare state development

The interest-based approach understands welfare state development as the reflection of political struggles about the distributive consequences of welfare provision. In contrast to the functionalist claim that welfare states are inherently responsive to social needs, this interest-based approach argues that government actions are dictated by the exercise of power and the ability to create class-coalitions (Esping-Andersen 1990, 105). This focus on political conflict and power explains why welfare states have developed differently, despite being subject to similar socio-economic trends. The most influential version of this approach focuses on class-conflicts to explain variation among welfare states (Esping-Andersen 1990; Korpi 1983, 1989). The working class and its affiliated political parties are considered to be the main agents of change: better organisation of labour results not only in higher levels of public social expenditure, but also in more encompassing and egalitarian welfare states (Esping-Andersen 1990). Subsequent scholars have pointed out the importance of social groups other than labour movements as drivers of welfare reforms; including farmers and middle-classes (Baldwin 1990), Christian-Democrats (Kersbergen 1995), employers (Mares 2003; Swenson 2002) and new-social-risk groups (Häusermann 2006, 2010). Despite differences in terms of which actor matters most, these approaches all share the insight that state intervention is

driven by pressure exerted by conflicting social interests; structured through competing organised interest groups or partisan battles for voters.

The theoretical focus on conflicts between social interests has generally been developed to explain welfare state expansion. Whether this approach is equally suited to explain welfare state retrenchment is a contested issue since Pierson argued that the explanatory relevance of parties and left power resources has faded (Pierson 1994; see below for further discussion). Pierson's argument that the politics of welfare state retrenchment are different from those of welfare state expansion contrasts with Esping-Andersen's claim that "a theory that seeks to explain welfare-state growth should also be able to understand its retrenchment or decline" (Esping-Andersen 1990, 32). Subsequent scholarship has argued that partisanship still matters (Anderson 2001; Garrett 1998; Hicks 1999; Korpi and Palme 2003). Others have found mixed results (Huber and Stephens 2001; Kittel and Obinger 2003) or argued that partisan politics still matter but with left parties playing a different role than traditionally envisaged (Green-Pedersen 2002; Häusermann, Picot, and Geering 2013; Levy 1999; Ross 2000).

The predominant focus of this interest-based approach on explaining the development of public welfare provision does not mean that it ignores private welfare provision. In fact, variation in the balance between public and private welfare provision is a core characteristic on basis of which Esping-Andersen distinguishes between different worlds of welfare (Esping-Andersen 1990, chapter 4). Esping-Andersen clearly acknowledges that states play an important role in shaping the particular blend or mix of public and private welfare provision that characterises the welfare system. Not just by expanding public provision, but also by stimulating private welfare markets – using taxation or regulatory policy as well as indirect stimulus resulting from insufficient public provision (Esping-Andersen 1990, 79; 89; see also Hacker 2002). However, this analysis of the public-private mix builds on the

understanding that public and private welfare are very different ways of organising welfare: “A particularly important element in the identification of welfare-state regimes will, accordingly, be related to the blend of publicly provided social rights, and private initiative. In other words, regimes can be compared with respect to which essential human needs are relegated to private versus social security” (Esping-Andersen 1990, 80). State interventions aimed at expanding private welfare provision are therefore analysed as efforts to expand the role of voluntary initiative as the guiding principle of organising social protection; this reflecting the diminishing strength of organised labour in their struggle to defend public welfare provision as the main source of social protection.

Gingrich recently proposed an interesting variation to this approach towards analysing the politics of public and private welfare development, based on the partisan benefits of shaping private provision (Gingrich 2011). She argues that both left- and right-wing parties can shape welfare markets differently in order to disproportionately benefit their own constituency; resulting in electoral benefits that could outweigh the costs of intervention. This diverts from the traditional argument that distributional struggles shape the *overall* balance between public and private provision. Instead Gingrich proposes that the old distributional politics are driving state intervention within *both* the public and private sphere (hence stressing the similarities rather than the interaction between public and private welfare reform politics). It is not clear, however, how a partisan approach can help explaining the long-term developments towards increasing intervention. Governments tend to build on, rather than replace, existing regulatory policies; this even when the opposition takes over. Moreover, this approach cannot explain why governments intervene even during periods where they are ostentatiously reluctant to do so.

Another interesting variation on the traditional interest-based explanations of state intervention in private pension provision focuses on how organised interest groups lobby

governments to pursue non-social benefits of expanding private pensions. Financial actors in particular are considered to play a central role in convincing governments that intervention is worth the cost, this because it promotes non-social goals such as financial market development, higher aggregate savings or economic growth more generally (S. M. Brooks 2009; Madrid 2003; Naczyk 2016; Naczyk and Palier 2015). While this thesis agrees that the financial sector plays an important role, it does not agree that interventions are mainly driven by *non-social* concerns; if only because it cannot explain why governments also intervene against the interests of financial interest groups.

3.1.3 *Institutional approach to welfare state development*

A final set of explanations argues that state intervention is not directly driven by either problem pressure or distributional conflicts, but focuses on how institutions shape the development of welfare states. One group of scholars focuses on how political institutions such as electoral systems or constitutional rules shape the politics of reform, this by empowering some groups and facilitating certain policies more than others (for a review, see Immergut 2010). Another institutionalist approach focuses on how existing structures of social welfare provision shape subsequent policy decisions (Pierson 2001b). A central thesis within this latter strand is the argument that the ‘old’ politics of welfare expansion is qualitatively different from the ‘new’ politics of welfare retrenchment (Pierson 1994, 2001b). Drawing on historical institutionalism, Pierson stresses the importance of ‘policy feedback’: earlier policy decisions change the political landscape in which future decisions will be made, for example by creating new groups of vested interests who oppose the dismantlement of the established social policies. This means that politicians who aim to retrench welfare systems face a different political context than those expanding social protection. Whereas the political logic of welfare expansion was characterised by credit claiming, the political feasibility of welfare retrenchment depends on the ability of politicians to avoid blame for unpopular decisions. Pierson highlights strategies to circumvent political resistance such as obfuscating

the effect of reforms, dividing opposition or compensating them (Pierson 2001b). Others have stressed the importance of layering and sequencing; the idea is that stepwise expansion of private provision undermines opposition against retrenchment by reducing reliance on public provision (Bonoli and Palier 2007; Thelen and Streeck 2005).

While most scholars agree that radical change through frontal attacks on the welfare state is unlikely to happen, there is much debate regarding what change does take place. Against the initial expectation that institutional inertia would prevail, scholars argued that institutional change did happen despite the absence of outright cutbacks (Bonoli and Palier 2007; S. M. Brooks 2005; Häusermann 2010; Hacker 2004; Thelen and Streeck 2005). Hence even in continental welfare states where radical change is difficult, the long-term effects of existing reforms will result in substantial reductions of public social insurance and increasing dependence on private welfare provision.

This analytical framework provides an interesting alternative approach to explaining state intervention in private welfare provision. Similar to conflict-based approaches, efforts to expand private welfare provision are analysed as a way to substitute for public welfare provision. Yet the ‘new politics of the welfare state’ approach suggests a slightly different causal mechanism to understand the politics that shape state involvement in private welfare provision. Its core idea is that public retrenchment elicits resistance, creating a hurdle to public reform efforts. From this perspective, regulatory intervention in private welfare provision could be analysed as a strategy to facilitate public retreat by undermining this resistance. For example, Bonoli and Palier argue that resistance against public retrenchment is reduced by gradually expanding private provision as compensation for the lower level of public benefits (Bonoli and Palier 2007). Hence in contrast to the power-resource theory, the ‘new politics’ approach suggests that state intervention in private provision reflect the sustained strength of supporters of public provision, rather than its demise. In other words,

costly interventions in private pension provision are driven by the need to appease those who have the capacity to block public reform efforts. Nevertheless, this thesis finds that several countries governments had a tough time convincing unions and voters of the need for private interventions; suggesting that these reforms are about more than simply dealing with resistance against reforms.

3.2 A ‘state-centric’ perspective to explaining private welfare reform

In order to explain dynamics of intensifying interventions in private pension provision, this thesis proposes to shift our theoretical perspective to a ‘state-centric approach’. In what follows I set out how a state-centric perspective allows us to highlight aspects of the reform dynamic that remain underdeveloped or obscured within the alternative theoretical approaches. This does not mean that this thesis disregards several important and intuitive insights derived from alternative explanations. For example, welfare economists make clear why voluntarism is so prone to result in low levels of coverage and adequacy; interest-driven approaches point at the importance of financial actors and social partners; whereas the ‘new politics of the welfare state’ stress the relationship with efforts to reduce public provision. Yet the main argument in this thesis proposes to engage with these elements through the theoretical lens of the state as a central actor in shaping reform dynamics.

The ‘state-centric’ approach to explaining policy decisions goes back to a broader research agenda that aims at ‘bringing the state back’ in the analysis of social change (Evans, Rueschemeyer, and Skocpol 1985; Skocpol 2008). This approach starts from recognising that states are “autonomous actors” who “formulate and pursue goals that are not simply reflexive of the demands or interests of social groups, classes, or society” (Skocpol 1985, 9). Several major studies stressed how governments took initiatives that went well beyond the demands of social groups or electorates (e.g. Finegold and Skocpol 1995), or where states were the most prominent participants in the decision-making process (e.g. Hecló 1974); hereby

challenging then-dominant research traditions such as pluralism (which explains policy decisions as the outcome of competing interests) or neo-Marxism (which analyses states as structures serving the ruling class) (Skocpol 1985, 5). In line with this original approach, this thesis analyses government decision-making processes not just as “merely arenas of political conflict or passive administrative tools to be turned to the purposes of any social group that gains governmental power” (Skocpol and Amenta 1986, 147). Instead I focus more on the autonomous role of the “state, defined as a set of institutions with distinctive histories and capabilities and as political actor with its own interests.” (Weir 2002, 769).

This state-centric perspective diverts from approaches that explain interventions as a response to pressure by voters or organised interest groups. Such interest-driven explanations are very diverse in terms of which pressure matters most – be it that of organised labour, financial actors or different electoral constituencies. Yet they all share the underlying assumption that policymakers are essentially nothing more than a ‘transmission belt’ that translates this pressure into policy decisions. Instead this thesis shifts the analytical attention to how policymakers make autonomous decisions, pursuing their own objectives, when shaping the relationship with external interests. For example, the first and third paper recognise that financial actors aim to shape regulatory decision; yet they show that governments use their discretion to assess whether or not such interventions align with their own objective to promote social viability of private pensions – ready to go against financial interests when they considered this was not the case. With respect to electoral pressure, concerns regarding ‘contingent liabilities’ clearly indicate that policymakers do take into account (long-term) electoral feedback. Yet such electoral considerations do not translate directly into regulatory decisions; the three papers show how policymakers have quite some leeway in assessing whether further intervention is required or how to shape these interventions. In conclusion, rather than directly translating external pressure into regulatory

decisions, states play an important role in shaping those decisions in order to promote their own interests.

Differentiating the state-centric approach from the neo-institutionalist explanation is less straightforward; this because they are very much related, with many scholars associated both with the state-centric and the neo-institutionalist school. While states play a role in both approaches, the key difference I would like to highlight is whether the role of the state in shaping policy-decisions is understood in a 'passive' or 'active' manner. Initially, both the role of the state as actor and state as institution were recognised. For example, Skocpol argued that states matter for two reasons: first because state officials shape policy outcomes through goal-oriented activities and initiatives; secondly because 'polity affects politics' (the organizational configurations of the state affect the formation of collective political action, as well as its interests and capacities) (Skocpol 1985). Similarly, March and Olson stressed both the importance of the 'design of political institutions' in shaping the arena of contending social forces, as well as the role of state institutions acting on basis of 'collective intention (e.g., preferences, goals, purposes) and expectations' (1984, 738–39). However, over time the autonomous role of the state disappeared in the background; this in favour of greater attention to how institutions enable or constrain social interactions (Schmidt 2009, 518–19). This focus on the state as 'rigid' institution rather than autonomous actor is reflected in attention to the role of political institutions (Immergut 1992), but also the role of 'state capacities' or 'policy legacies' in shaping subsequent policy choices (Pierson 1994; Weir and Skocpol 1983).

Indeed, the explanation of increasing state intervention in private pension provision that builds on the insights from the 'new politics of the welfare state' focuses on how regulatory decisions are shaped by the 'policy legacy' of existing public provision state (see presentation in section 3.1.3). Regulatory interventions in the organisation of private pensions are analysed as a way to overcome 'institutionalised' resistance against privatisation, resulting

from the capacity of vested interests to impede such efforts. Accordingly, regulatory interventions can be traced back to the relative strength of those opposing pension privatisation. By recognising the state as an autonomous actor, this thesis is able to examine how states can take regulatory initiatives even without being driven by protest by unions or angry voters. For example, in the first paper I show how governments in both Germany and the UK took the lead in defending social interventions in private provision *against* union resistance. In sum, this thesis responds to new calls to ‘bring the state back in, yet again’: “The state is not just the political economic setting that structures the actions of private political economic actors, as posited by mainstream political economy. It also constructs the policies for reform, constitutes the political institutional setting that shapes the reform process, and can also be the political driver for reform” (Schmidt 2009, 517).

In order to apply this broad state-centric theoretical framework to studying state intervention in private pension provision, there are two issues that require clarification. First, if states act autonomously on basis of their own interests, it is important to explain where those interests come from. Yet it is not fully clear whether the state-centric approach specifies in advance on what basis those ‘own’ state interests are derived. Earlier work by Skocpol seems to indicate that the state has two very clear tasks: “It maintains order, and it competes with other actual or potential states” (1979, 30); suggesting that state officials make decisions that allow them to best perform these tasks. Yet later work seems to suggest that state officials can have very diverse interests that cannot be predicted in advance (Skocpol 1992, 42). In this thesis I do not start from a pre-specified conception of state objectives. Rather than making far-reaching *ex ante* assumptions as to what drives policymakers (as in recent efforts to revive the “public interest” approach to regulation; see for example Croley 2008; and Ginosar 2014), I argue that specifying those interests is ultimately an empirical matter. This means that I arrive at the present argument in a heuristic manner – using findings from open-ended empirical work to formulate hypotheses that can subsequently be tested. While

this implies that my argument regarding the role of fiscal concerns cannot put a claim on universality, this is not necessary a problem as it reflects the historical character of social science research.

Secondly, there is at least some lack of clarity as to whether elected politicians should be considered as part of the 'state-as-actor'. Including them would imply that elected politicians can pursue longer-term 'state objectives' in the same way as bureaucrats do (meaning that politicians should not be studied as merely responding to short-term electoral pressure). It is true that some of the most influential studies in this research tradition find that public administrators, experts and other career officials play a very important role in initiating and shaping policies (Hecl 1974; Skocpol 1985, 11). Yet Skocpol clearly recognises that "both appointed and elected officials have ideas and organizational and career interests of their own, and they devise and work for policies that will further those ideas and interests, or at least not harm them." (Skocpol 1992, 42). As such I include elected state officials in the analysis of state intervention in private welfare provision.

Section 4 Analytical framework

The purpose of this section is to develop an analytical approach to studying state interventions in welfare provision, with particular focus on regulatory interventions as these are the main focus of the thesis. Building on existing approaches to structure different forms of state intervention, I first address the conceptual questions that emerge when applying these frameworks in the context of this thesis. Subsequently I develop a taxonomy of state interventions and discuss how these interventions relate to different objectives of the pension system.

4.1 State intervention in welfare provision: providing conceptual clarity

By differentiating between statutory or public welfare, occupational welfare and fiscal welfare (here understood as the use of taxation to promote social objectives), Titmuss was one of the first scholars to stress that welfare provision was more than public provision – stressing that the latter two were regressive in benefiting the middle-class more than the poor (Titmuss 1958). This essay inspired researchers to focus on different sources of welfare provision – a literature often referred to as the “Mixed Economy of Welfare”. Scholars usually distinguished public or statutory welfare from market welfare (Marsland 1996; Seldon 1996), voluntary welfare (Alcock and Scott 2007; Harris and Rochester 2000) and informal welfare (Howard 1997; Stalker 2002). This literature provided the basis for investigating shifts in the ‘welfare mix’. For example, research has focused on the question whether public and private provision develop in tandem, or crowd-out each other (see discussion in Pedersen 2004). While this ‘welfare mix’ literature should be credited for looking beyond state provision, it is subject to relevant criticism. First, several scholars have stressed that one should not consider different sources of welfare as functional equivalents because they have very different distributional consequences (which was Titmuss' original concern; see also Hacker 2002). Secondly, the debate on the changing welfare mix is limited in its one-dimensional focus on welfare provision. It ignores important other dimensions of shaping

welfare provision – including financing and regulation. In response, scholars have developed two-dimensional frameworks (examining both production and finance; see for example Glennerster 2009) as well as three-dimensional frameworks (including regulation as third dimension; see for example Barr 2012b; Burchardt, Hills, and Propper 1999; Johnson 1999; or Powell 2007).

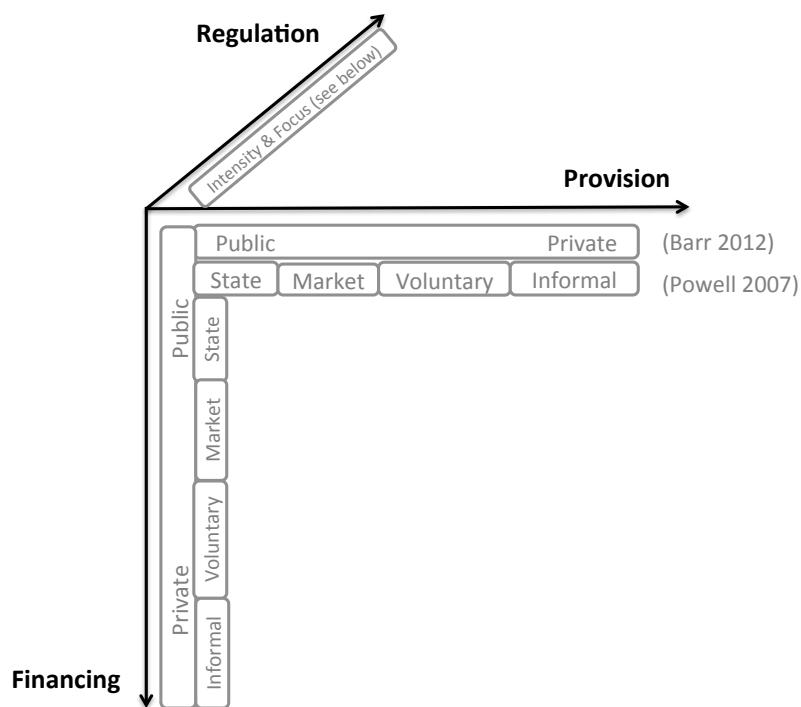


Figure 4 Three-dimensional approach of welfare systems; based on Barr 2012 and Powell 2007

This thesis builds on the multi-dimensional approach to analyse the organisation or structuring of welfare provision (see Figure 4). Yet in order to apply this framework to the investigation of state intervention in private welfare provision, there are several conceptual issues that have to be clarified. First of all, a decision is needed on how to structure the

different dimensions. Secondly, more conceptual clarity is required regarding the difference between public and private in the context of providing and financing pensions. Thirdly, given the central role of regulation in this thesis, we need to develop a more specific approach to this dimension. Finally, there is the question as to how fiscal intervention fits in the overall framework.

4.1.1 Structuring different dimensions

Most three-dimensional frameworks for studying welfare provision focus on provision, finance and regulation (Barr 2012b; Burchardt, Hills, and Propper 1999; Johnson 1999; Powell 2007). Yet there are still important differences in how these dimensions are structured: whereas Powell (2007) and others differentiate between different categories (state/market/voluntary/informal), Barr (2012b) structures these dimensions in terms of their public or private character. Both approaches have their advantages, yet we have to decide on which one to use in the thesis. The main appeal of Powell's approach is that it includes the role of charity and family as potential sources of welfare. Such non-monetary sources of protection matter because it relieves the need for old age income to some extent (this also applies to home ownership, support in paying for energy bills, free public transport for seniors, etc.). If such sources of protection are more widely available, this could reduce the need to ensure adequate old age income in a narrow way (if only because it delays political mobilization due to inadequate protection). On the other hand, Barr's approach is attractive precisely because it allows us to focus on the organisation of old age income provision in this narrow sense; given that the key question in this thesis is whether old age income security is arranged through the state or through non-state actors (and how the latter is organised). So in this thesis I opt for structuring the different dimension in terms of their public/private character (keeping in mind the potential important role of sources of protection other than old age income).

4.1.2 Distinguishing between public and private

In order to differentiate between public and private provision, this thesis refers to the actor who organises and manages the collection and distribution of pension benefits. This can be the state (in case of basic state pensions or social insurance), social partners (in case of occupational pension funds that are internally managed) and financial actors (by managing their own schemes or providing services to occupational funds). Nonetheless, assessing who provides pensions can be ambiguous; for example when assets are managed by a private company, but the administration is done by public entity (e.g. NEST Corporation; sovereign wealth funds). Other complicated cases are those where social partners play an important role in administering social insurance.

Determining who finances pensions is an even more thorny issue. Whether financing is public or private depends on how you define ‘financing’. According to Barr (2012b), public financing refers to financing based on general tax revenues rather than private charges. For some cases this is more or less clear: tax-financed basic state pensions are publicly financed, whereas occupational and personal pensions are privately financed (yet complicated by fiscal incentives and ‘government matching’ of private contributions). Yet the case of public social insurance through social contributions rather than tax-financing is arguably more ambiguous. While this would be ‘private financing’ according to Barr, this does not seem to capture the general observation that public provision presents a challenge to ‘public expenditure’.

In order to address this challenge, I propose to use a different approach to differentiating public versus private financing of pension provision; broadly based on the classification used by the OECD to differentiate between public and private social spending (Adema and Einerhand 1998; Adema and Whiteford 2010). In this thesis I reserve ‘public financing’ for those pension schemes where the main financial flow (from contributions to

benefits) runs through the government's central budget; conversely, private financing refers to pension funds where the main financial flow takes place independently from the central government budget. This definition has several advantages. It aligns better with our intuition of what is public (e.g. social insurance; basic state pensions; using tax-money for 'contribution matching' in occupational schemes; but *not* collective insurance that is managed by social partners such as in the Netherlands). As a result, it is also better suited for the research question of this thesis; this because it recognises that governments face 'financial' pressure as result of fiscal commitments that result from public provision.

4.1.3 Specifying the regulation dimension

Given the focus of this thesis on shifts in regulatory interventions, it is necessary to discuss this dimension in a bit more detail. One of the problems with regulation is that structuring this dimension is less straightforward compared to provision or financing. Given that most regulation originates with the state, it is not helpful to characterise this dimension in the usual terms (i.e. public/private or state/market/informal/voluntary). Instead I propose to differentiate between different ways of intervention on basis of the idea that regulation aims at controlling behaviour. Both finance and regulation are a source of control – yet whereas finance is related to financial control, regulation is associated with political authority: “regulation is associated with some level of control or power in the form of shaping behaviour in desired ways.” (Powell 2007, 14). That is why some scholars focus on similar proxies such as 'choice' or 'decision' rather than regulation as such (Burchardt, Hills, and Propper 1999; Gingrich 2011; Hills 2004).

Based on this understanding of regulation, this thesis analyses regulatory intervention on basis of the different ways in which they shape the decision by non-state actors. In order to allow for more precision and nuance, I propose to differentiate between two aspects of regulatory intervention:

1. The first aspect is the level of *regulatory intensity* – Increasing intensity corresponds to the shift away from voluntarism (when private actors enjoy full discretion) towards regulatory measures that increasingly restrict actions (e.g. prohibiting or mandating certain decisions).
2. The second aspect looks at *whose discretion is restricted* – This thesis will particularly look at whether regulations restrict discretion of households, employers or financial welfare providers.

4.1.4 *Fiscal intervention*

Fiscal or tax welfare refers to the substantial redistribution that happens through tax relief; it has been identified by Titmuss (1958) and given its deserved attention since Howard's study on the 'hidden welfare state' (Howard 1997). Fiscal incentives have certainly played a big role in promoting the expansion private pension provision; for example by exempting contributions during working life from income taxation (see Hacker 2002). Despite the importance of fiscal interventions, it is not clear how it should be integrated in the overall analytical framework. Should fiscal intervention be included in our analysis of state interference in the organisation of private provision? If so, should it be considered as a distinct dimension (alongside regulation, provision and financing) or analysed as part of these dimensions?

This thesis includes fiscal interventions in the analysis, but as part of the existing dimensions rather than constituting a different one. More specifically, I argue that fiscal interventions can be explained as part of the financing and regulation dimension. A simple tax incentive that applies to all households (without further conditions) can be analysed as an increase in public financing; whereas provision remains private and there is no regulatory intervention as well (this because it largely preserves voluntarism in decision-making, apart from generating some opportunity costs). However, some tax incentives are conditional upon

fulfilling certain requirements. Such ‘conditional tax incentives’ represents financial intervention, combined with increasing regulatory intervention because it reduces the available choices of private actors. Whereas simple tax-incentives tend to reinforce income inequalities (because they tend to benefit those in higher income brackets), conditional tax incentives can have very different distributional consequences, depending on the specification of the conditions. For example, tax incentives can be made conditional upon having a low income or on guaranteeing a minimum return which improves security. This approach has the benefit that it does not require a distinct dimension; while it captures the regulatory shift towards intensifying intervention – whereas simple incentives have been around for long, governments increasingly use conditional tax incentives.

4.2 Developing a taxonomy: state interventions and pension objectives

On basis of this general framework, this thesis uses the following taxonomy to differentiate between government interventions in shaping private pension provision (see first column in Table 1).

State intervention in private pension provision ¹	Actor involved or restricted ² Employers Workers Finance	Related objectives ³					
		Adequacy	Coverage	Security	Competitiveness of firms	HR & wage bargaining	Profitability of provision
FINANCE							
Tax deduction on contribution	E, W, F	x	x		x	x	x
Tax deduction on pay-out	W	x	x				x
Taxation of investment returns	W, F	x					x
Tax-free lump sum of accrued benefits	W	x	x	x			
Flat-rate subsidies for contributions	W, F	x	x		x		x
Contribution matching	E, W, F	x	x		x	x	x
Financial support for fund administration	E, W		x			x	x
REGULATION							
Scheme design rules (e.g. DC/CDC restrictions)	E, F			x	x		
Employer contribution requirements	E	x	x		x	x	x
Employee contribution requirements	W					x	x
Non-discrimination requirements	E		x		x	x	
Funding requirements	E, W, F			x			x
Mandatory inflation proofing for DB	E	x			x		
Vesting requirements	E		x	x	x	x	
Transfer values	E		x	x	x	x	
Indexation requirements for deferred pensions	E, F	x			x		x
Reporting requirements	E, F			x	x		x
Governance requirements	E, W, F		x	x		x	x
De-accumulation requirements (e.g. mandatory annuitization)	W, F	x		x			x
Investment regulations (e.g. prudent person principle)	E, F			x			x
Price controls (e.g. charge cap)	F	x					x

Table 1 Taxonomy of state interventions in private pension provision; as well as the actors involved and related objectives

Accompanying notes: (1) State interventions are formulated in a general manner, this in the sense that they can be organised differently (e.g. tax deductions can be increased or reduced). (2) This column indicates which actor is most likely to be involved by financial or regulatory interventions; this can be

both in a positive and negative manner (depending on the formulation of the intervention). (3) This is a simplified list of the main objectives that can be pursued through the organisation of private pension provision; including both social objectives (adequacy, coverage and security) as well as non-social objectives (competitiveness of corporations; HR and other objectives related to collective negotiations; profitability of private pension provision for financial actors).

A final step would be to link these different ways of state interventions to different objectives of the pension system. Barr identifies four main objectives of pensions: consumption smoothing, insurance, poverty relief and redistribution; as well as a secondary objectives which I will discuss below (Barr 2012b, 152–53). State intervention can be justified on the basis of equity concerns, but also to promote efficiency. The reason is that there are multiple predictable market-failures (ranging from behavioural problems to incomplete insurance) that would arise when organising consumption-smoothing and insurance within pension markets. In other words, financial and regulatory interventions in private provision of pensions can often be justified on basis that they address the predictable problems that arise – low coverage, inadequate benefits and low levels of security. For example, making private saving compulsory could be justified on the ground that most individuals are myopic, which results in suboptimal levels of coverage and adequacy.

Apart from these primary objectives, private pension systems serve many other ‘secondary’ objectives that go well beyond the traditional concerns regarding efficiency and equity. Depending on how pension systems are organised, they can have very different implications within several areas:

- Related to the *economy of a country*: economic growth; domestic saving and investment; labour market entry and exit; etc.
- Related to the *organisation of firms*: firm financing and corporate governance; HR management; deferred wage; bargaining between social partners; etc.
- Related to the *organisation of the financial sector*: size of the financial sector; pension fund investment strategies; intra-industry competition between insurers and asset managers; holding of government bonds; etc.

Despite using a simplified list of objectives, it is clear from Table 1 that connecting interventions in pension systems to this varied set of primary and secondary objectives is not a straightforward task; especially since a single intervention can have implications for several actors and relate to different objectives (this both in a positive and negative way). Nonetheless it is a useful *ex ante* exercise that helps us to navigate through the ‘causal labyrinth’ which often characterises pension system reforms (Esping-Andersen 1996a, 330). For example, it allows us to guide our empirical attention to those actors that are more likely to be promoting or obstructing certain interventions. However, there are two important caveats that have to be addressed. First of all, this framework should be continuously updated when new objectives or links are observed and it should not conceal causal complexity (similar interventions can be linked to multiple objectives; and a single objective can be promoted through different interventions). Secondly, one should equally be aware of the limitations of this framework to guide political-economic explanations of pension reforms. There are several good political-economic reasons why the link between interventions and objectives is not direct. For example, even if actors are aware which interventions serve particular objectives, this does not automatically mean that they will act upon this knowledge. One reason is that actors can pursue different goals at the same time, which may be mutually conflicting. Another reason is that actors generally need to generate broader support in their pursuit of interventions.

5. Presenting research design, methodology and the three papers

In this section I present the overall methodological decisions that were made in this thesis to investigate the drivers of state intervention in the organisation of private pension provision, followed by a brief overview of the three papers.

Studying interventions in private pension provision entails several methodological challenges. First, data regarding coverage and adequacy provided through occupational and personal pension schemes is limited and often not comparable across countries (for example, the OECD only reports comparable data for (quasi-)mandatory provision). This is complicated by the fact that data on current participation or contribution levels often tell us little about expected outcomes (funds are still maturing in several countries; but outcomes also depend to a significant extent on financial market returns). Second, quantifying or codifying variation in state intervention in private pension provision is even more difficult than it is for variation in public provision. Regulatory or financial approaches can take many forms (see taxonomy in previous section), while proxies such as expenditure levels are not readily available. Third, there is no established way to structure and compare differences in the organisation of private welfare provision. Often used classifications such as the ‘pillar’ or ‘layer’ approach are not useful for the purposes of this thesis (since they assume separated responsibilities between states, social partners and individuals; whereas this thesis stresses overlap). Finally, there is the sheer complexity of private pension provision in terms of relevant actors and objectives. This complicates the specification of a limited set of dependent variables.

These methodological challenges have consequences for the overall research design. The first major implication is that a large-N approach does not seem to be appropriate to study the drivers of state intervention in private pension provision. A large-N approach makes

significant demands regarding comparability between separate countries and time-frames, as well as ability to measure complex factors such as financial sector influence or state interests. This would result in very generalised specification of variables that excludes important nuances and historical information. Instead this thesis uses comparative case studies, which has several advantages: it takes into account the historical context of interventions, it permits for a qualitative approach to study the complexity of conflicts underpinning policy decisions, it allows making new unexpected observations and hence the exploration of new hypotheses. The second major implication is that this thesis opts for three papers with a separate research question and research design, rather than having a unified research design to evaluate the general argument across the same set of countries. The main advantage of separate case comparisons is that it allows for more appropriate research designs to focus on different aspects of the problem and argumentation. The first paper takes a broad approach, establishing key elements of the overall argumentation by examining the shift away from voluntarism in Germany and the UK. The second paper zooms in on the interaction between states and social partners in establishing social protection within private pensions. The third paper focuses on establishing the autonomy of the state, mainly with respect to financial actors.

In terms of the rationale behind the case selection for each paper, it should be noted that these cases are not primarily intended to be representative of different welfare systems reflecting Worlds of Welfare Capitalism (Esping-Andersen 1990), or different traditions to organise social security based on the Beveridge versus Bismarck model (Palier 2010). Instead the case comparisons represent three different research designs that are selected in order to maximise analytical leverage for examining the specific question in that paper. The first paper builds on a *most-different research design*, studying the UK and Germany as two very different welfare systems with a remarkably similar shift away from voluntarism. This most-different research design shows the applicability of the proposed argument to very different

and important countries. The second paper uses a *most-similar research design*, comparing Denmark and the Netherlands because they have very similar ways of organising collective protection within occupational provision, yet still exhibit different experiences during crises. This most-similar research design allows me to show how states matter for explaining differences in two countries where social partners are considered to dominate private pensions. The final paper uses a *least-likely research design* in order to show how the British state used its autonomy to go against financial interests, even in a context where this is most unlikely.

In order to conduct these case studies, I rely on several sources of data. Wherever possible I rely on primary sources that are publicly available. This includes minutes of parliamentary debates (for the UK these are online available; for Germany these are collected in the archives of the Bundestag in December 2016); statements and contributions to public consultations by industry associations and social partners (most are available online; some are collected directly from the associations); public surveys; etc. When primary sources are incomplete or unavailable (for example, many associations have deleted their online and paper archives for the late 1990s and early 2000s), this thesis relies on reporting by specialised media, more comprehensive surveys of mainstream media (using Nexis), as well as empirical findings from secondary literature. Finally, for the third paper I have conducted a set of semi-structured elite-interviews in August 2018 with main stakeholders that were involved in the negotiations; this mainly to complement statements by legislators.

5.1 Summary Paper 1: The political economy of organising private welfare provision: what drives active state involvement in shaping private pensions within Germany and the UK?

The first paper studies the shift away from voluntarism towards intensifying state intervention in private pension provision in Germany and the UK, this against the background of low or retreating levels of public provision. To do so it distinguishes between different ways in which scholars have related the political-economic drivers of reforms in the private sphere to those that drive reforms in the public provision. On one side of the analytical spectrum, these political-economic drivers have been studied as being independent from each other. On the other side, interventions in public and private pension provision are considered to be part of the same reform dynamic. Instead this paper proposes a more nuanced approach that recognises the difference between the political-economic struggles that shape public and private pension reforms, but at the same time specifies why they should not be studied in isolation from each other.

More specifically, this paper argues that struggles regarding the organisation of private pensions involve non-social interests that are not traditionally associated with public pension reforms (e.g. competitiveness and financial market development). Yet because interventions in private pension provision have both social and non-social implications, conflicts regarding the organisation of public and private pension provision spill over into each other. In practise, this means that non-state actors such as unions of financial pension providers can promote or obstruct social interventions in private pension provision, depending on whether doing so aligns with their non-social objectives.

In order to substantiate this argument empirically, this paper investigates reform developments within Germany and the UK. Despite having very different institutional

backgrounds, both countries exhibit a surprisingly similar reform dynamic with respect to state involvement in organising non-state welfare provision. While Germany and the UK both started off with a voluntarist approach to organising private welfare provision, both countries eventually shifted towards a more prescriptive organisation of private pensions. The paper finds that financial actors, rather than social partners, are important drivers of social interventions in the private sphere (this by aligning their commercial interests with broad social concerns). Yet the influence of financial actors is ultimately derived from the ability to convince governments that interventions are required to avoid social instability which could trigger new pressures on public provision.

5.2 Summary Paper 2: *Organising private social protection: how to explain different experiences with collective risk-sharing during crises in Denmark and the Netherlands?*

The second paper aims at investigating the role of states in organising private social protection in cases where social partners are expected to be the most important actors. In order to do so, this paper focuses on a specific but important area of private social protection: namely the ability to share risks collectively in order to provide protection against financial volatility. Pension privatisation results in widespread concern that responsibility for these financial risks shifts to individual households. The financial crisis has further spurred political interest in promoting new forms of collective risk-sharing within private pension provision. However, in order to explain the political viability of private social protection, the literature stresses the importance of the organisational capacities of social partners and their initiatives to ‘fill the gap’ created by public retreat. In other words, social partner initiative and capacity are considered to account for different experiences with private social protection.

This paper challenges the notion that collective actor initiative can explain the viability of collective risk-pooling within private welfare provision. It argues that the debate has to shift beyond its current focus on the *agency* of collective actors, towards greater attention to the *structural* context in which these agents make their decisions. In particular, this paper argues that regulatory frameworks play a crucial role in establishing and maintaining private social protection. Regulatory frameworks provide the necessary stability and trust that is required to manage the distributional struggles that emerge from organising collective protection against systemic risks (such as market volatility). Hence in contrast to the existing focus on the capacity of social partners to ‘fill the gap’ created by state retreat (e.g. Trampusch 2007), this paper suggests that states continue to play a crucial role in establishing and maintaining private social protection.

To substantiate my argument, I use the cases of Denmark and the Netherlands to construct a most-similar case study. Both countries have important collective risk-sharing arrangements that are both attributed to collective agreements between social partners. Despite their far-reaching similarities, both countries have had very different experiences with collective risk-sharing during the two crises in the 2000s. Both crises have had a very significant impact on the performance of Dutch pension schemes and subsequently on the benefits of scheme members. While Danish pension providers were certainly not immune to the impact of both crises, this did not translate into a detrimental impact on the security of benefit levels. Rather than resorting to the *ad hoc* explanation that Dutch actors simply made worse decisions, I show that diverging experiences can be better explained by the presence of different governance rules and regulatory frameworks.

5.3 Summary Paper 3: *Countering financial interests for social purposes? Bringing the state back into regulatory politics.*

The third paper focuses on financialization and the conflicts it creates between the social objectives of households and the commercial interests of the providers of these financial products. A significant share of the returns of these new investments could be absorbed by financial providers in the form of high profit margins, rather than going to the households who depend on these returns for social purposes (pensions, health care, education, housing, etc.). Which interest will prevail when financial sector interests conflict with those of the public at large? The political-economy literature expects that industry will generally be successful in shaping regulations to serve its specific interests. However, in reality there is a wide variety in regulatory outcomes; suggesting that we should not automatically expect regulatory practices to always favour households or financial interests. The real challenge is therefore to find out under what conditions ‘social regulations’ that go against interests of the financial sector are more or less likely.

This paper argues that existing theories have important theoretical shortcomings when accounting for such variation in regulatory outcomes. The prevailing literature explains regulatory policies mainly by analysing the relative influence of external pressures on policy decisions (e.g. structural power, capture, political salience). Instead, this paper proposes to shift analytical attention away from gauging the relative strength of organised interests, this towards a better understanding of how policymakers play an independent role in shaping regulatory decisions. Rather than acting as transmission belts for external influence, policymakers have their own objectives and make regulatory decisions based on the assessment of whether the decision promotes or hampers their objectives.

Empirically, this paper focuses on one central and puzzling case: the recent momentum in efforts within the UK to bring down the costs of private pension provision. During earlier reform attempts in the 2000s, the Labour-led government still backed down to industry demands. One decade later, however, a coalition of Conservatives and Liberal-Democrats introduced a far-reaching legislative framework to reduce the cost of private pension provision. Neither shifts in political salience nor mobilisation of organised interests can account for the different decision. Instead the case study reveals that the intervention decisions of both parties depended on the assessment of whether it promotes their overarching objective of expanding private savings or not. They only achieved a different conclusion because the underlying policy context had changed. Whereas the first paper already revealed that financial actors often play an important role in convincing governments to engage in costly social interventions, this paper digs deeper in the politics of regulating private welfare provision by showing how it is characterised by a continuous negotiation between legislators and the pensions industry.

PAPER 1

THE POLITICAL ECONOMY OF PRIVATE WELFARE PROVISION: WHAT DRIVES ACTIVE STATE INVOLVEMENT IN SHAPING PRIVATE PENSIONS WITHIN GERMANY AND THE UK?

1. Changing state involvement in organising public and private pensions

During the past decades, governments have been under increasing pressure to contain or diminish fiscal liabilities that follow from providing old age security (Ebbinghaus 2011a; Orenstein 2008; World Bank 1994). Despite expectations of institutional inertia, countries succeeded in significantly scaling back public pension promises (Häusermann 2010; OECD 2013). This means that, in order to maintain living standards, people have to rely increasingly on *non-state* sources of pension provision (i.e. privatisation).³ While the growing importance of private sources of welfare is increasingly recognised within the welfare state literature, it is much less clear on basis of which principles these private benefits are distributed. Privatisation is generally analysed as ‘welfare state retrenchment’ or ‘welfare liberalisation’: reducing the role of *public* provision is understood as reducing the role of the *state* in allocating welfare benefits (see Figure 5). This means that, as provision of welfare shifts from the public to the private sphere, the allocation of welfare benefits depends increasingly on market forces or voluntary organisations (Esping-Andersen 1990, 80; Hacker 2002, 30; De Deken 2013). Accordingly, most studies link welfare privatisation to marketization and

³ Note that I use ‘non-state’ and ‘private’ as interchangeable concepts. Non-state or private provision includes *occupational* pension as well as *personal* pension schemes. This differs from those who use ‘private’ only to refer to personal schemes.

encouraging certain decisions over others (e.g. targeting fiscal incentives) to directly steering outcomes by obliging actors to take certain decisions (e.g. compulsory contributions, prohibiting employers to differentiate between workers, but also ‘soft’ compulsion such as auto-enrolment). As a result of intensifying state intervention in private pension provision, workers and individual employers now have *less* discretion than two decades ago with respect to important decisions regarding saving, investments and scheme design.

This paper starts from the observation that, even though both public retreat and intensifying regulatory intervention in private provision have been well-recognised, very little is understood as to how these two reform dynamics relate to each other. There is an extensive literature regarding the drivers of public pension reforms (Starke 2006; Häusermann 2010), as well as several interesting insights as to what drives interventions in private pension provision (see below). Yet generally these accounts only implicitly address the question whether and how interventions in private provision have to be understood in relation to efforts to contain public provision.

To address this question, this paper examines the relationship between the political-economic factors behind the shift away from voluntarism in private pension provision and those driving public retreat. It constructs a most-different research design, this by investigating reform developments within Germany and the UK. Despite having very different institutional backgrounds, both countries exhibit a surprisingly similar reform dynamic with respect to state involvement in organising non-state welfare provision. While Germany and the UK both started off with a voluntarist approach to organising private welfare provision, both countries eventually shifted towards a more prescriptive organisation of private pensions.

In order to guide this empirical analysis, the paper starts with a brief review of the literature that explains state interventions in private welfare. This review shows how existing explanations – broadly based on the ‘new politics of the welfare state’, partisan struggles and mobilisation of financial interests – can be differentiated in two broad approaches to analyse the relationship between public and private reforms. One approach studies the political-economic drivers of public and private reforms independently – implying that we need separate explanations as to what shapes public and private provision. Another approach considers interventions in public and private pension provision as part of the same reform dynamic – hence arguing that they are essentially explained by the same set of political-economic drivers. However, as the empirical analysis makes clear, examining the observed shift away from voluntarism reveals the limitations of analysing public and private reform dynamics that focus too much on either their differences or their similarities.

This paper presents an alternative framework that recognises the difference between the political-economic struggles that shape public and private pension reforms, but at the same time specifies why they should not be studied in isolation from each other. In short, I argue that struggles regarding the organisation of private pensions involve non-social interests that are not traditionally associated with public pension reforms (e.g. competitiveness and financial market development). Yet because interventions in private pension provision have both social and non-social implications, conflicts regarding the organisation of public and private pension provision spill over into each other. In practise, this means that non-state actors such as unions of financial pension providers can promote or obstruct social interventions in private pension provision, depending on whether doing so aligns with their non-social objectives.

The proposed framework reveals several aspects of the reform dynamics that would be hard to observe on basis of approaches that analyse public and private reforms as subject to

the same or very different conflict dimensions. First, it shows that the state has a stake in the organisation of private pensions; promoting social adequacy through private provision is aimed at avoiding re-emerging pressure on public welfare provision. Secondly, it reveals that it is often financial actors, rather than social partners, that play an important role in convincing governments to engage in social interventions – especially when governments are reluctant to intervene because the perceived costs and direct lack of electoral pressure. Financial actors do so by aligning their commercial objectives with the social concerns of governments.

In the next section I present the theoretical framework that will be used to analyse interventions aimed at shaping the organisation of private pension provision, this in the context of liberalisation and pension privatisation. To do so I start from a review of the main explanations of state intervention in private provision, focusing on how they (implicitly) analyse the relationship with reform dynamics within the public sphere. Subsequently I present how the proposed framework differs from these existing approaches. In the third section I analyse the shift away from voluntarism to more intensive regulatory approaches in both Germany and the UK. This empirical analysis is followed by a discussion of the main findings in light of the different frameworks and a general conclusion.

2. Explaining the relationship between public and private pension reforms

2.1 The relationship between public and private pension reforms: existing approaches

The following discussion distinguishes between different ways in which scholars have related the political-economic drivers of reforms in the private sphere to those that drive reforms in the public provision. On one side of the analytical spectrum, interventions in public and private pension provision are considered to be part of the same reform dynamic. On the other side, these political-economic drivers are studied as being independent from each other.

2.1.1 Identical reform dynamics

In this section I discuss two explanations for intensifying state intervention in private pension provision which start from a very different theoretical backgrounds, namely neo-institutionalism and partisan theory. Nonetheless, I argue that both approaches tend to analyse reforms within the public and private sphere as part of a single reform dimension.

The starting point for the neo-institutionalist approach is the challenge to explain retrenchment of public provision, given the expectation that doing so is subject to significant political obstacles (Pierson 2001b; Starke 2006). This expectation is based on Pierson his argument that expanding welfare policies creates new constituencies that benefit from these policies and henceforth have a stake in defending what they have (Pierson 1994, 1996). The unpopularity of cutting back entitlements results in institutional inertia: significant and visible reductions in public pension provision are considered unlikely and conditional on the ability of governments to avoid or diffuse blame (Myles and Pierson 2001; Pierson 1994; Weaver 1986). To explain how certain reforms are possible nonetheless, Pierson highlights several strategies to minimise political resistance – including obfuscation, sowing division and using compensation (Pierson 1994). Subsequent scholarship has further investigated how

incremental reforms could still result in transformative change (Thelen and Streeck 2005; Mahoney and Thelen 2010).

Accordingly, interventions in private pension provision are understood as part of the overall strategy to avoid political resistance against public welfare retrenchment. One particularly prevalent interpretation is that promoting private pensions is a strategy to facilitate public retrenchment by compensating those who would be able to block or hinder such public reforms. For example, Bonoli and Palier argue that path-departing reforms in countries such as Germany and France were possible because incremental increase in private provision reduced reliance on public provision; as such, introduction of funded provision is ‘capable of replacing future income lost because pay-as-you-go retrenchment’ (Bonoli and Palier 2007, 557). Similarly, Hacker argues that incentives in the US to promote private welfare provision is part of a long-term political strategy to undercut support for public provision (Hacker 2002).

For the purpose of this paper, it is important to underline that increasing intervention in private pensions is analysed as a direct response to pressures from vested interests in public provision. Private interventions are designed to weaken resistance against privatisation in order to facilitate public reforms; hence public involvement in private provision ultimately depends on the relative strength of opponents against public retrenchment (e.g. unions or angry voters). Implicit is the understanding that welfare reforms are structured along a single conflict dimension. The main conflict develops around the question whether to organise earnings-related welfare provision within the public sphere or within the private sphere. This results in a political struggle that could be represented as a tug-of-war between proponents and opponents of welfare liberalisation (see Figure 6). On the one hand, you have those pulling for a greater role of voluntarism and markets as organising principle; on the other hand, you have those pulling for a greater role of collectivism and the state as main welfare

provider. Institutional change can go in the direction of more market or more state, depending on which camp grows relatively stronger than the other. This means that an institutional equilibrium is achieved where the relative strengths of opponents and proponents of welfare liberalisation balance each other out.

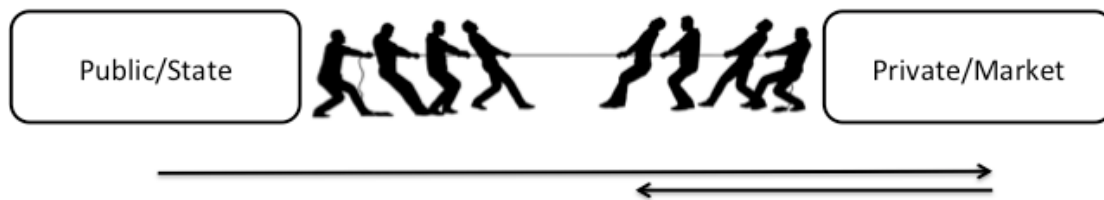


Figure 6 Studying reform dynamics on basis of a 'tug-of-war' along a single conflict dimension

Another approach to explain interventions in private pension provision refers to partisan calculations regarding the electoral benefits of such interventions (Gingrich 2011). Because achieving electoral objectives through public provision is increasingly difficult as result of ideological changes and fiscal constraints, so the argument goes, both the political Left and Right aim to serve their own constituencies by shaping welfare markets in different ways. In contrast to the neo-institutionalist explanation, Gingrich clearly recognises that the politics of private welfare involves different actors and interests than those associated with public provision (e.g. the role of private providers that have an interest in decision-autonomy). Hence this approach is certainly not a 'pure' example of analysing public and private reform dynamics as identical. Nonetheless, Gingrich very much stresses the *continuity* of the distributional politics that dominate interventions both in the public and private sphere. Essentially, it is the same set of partisan objectives that can explain welfare reforms in both the public and private sphere. For this reason I argue that her overall approach is still much closer to side of the spectrum that sees reform dynamics as identical rather than independent.

2.1.2 *Distinct reform dynamics*

Another approach to studying interventions in private pension provision shifts attention to political-economic objectives that have little to do with social protection as such. Stressing the financial consequences of welfare arrangements in particular, it is argued that understanding private pension reforms requires us to investigate a very different set of actors and interests than those traditionally studied within public pension reforms. Accordingly, public and private reforms are characterised by different reform dynamics that have in essence very little to do with each other.

The starting point of scholarship focusing on the nexus between welfare and finance, is that struggles regarding public-private pension provision are driven “not only by concerns over the generosity and costs of pensions *qua* social policy, but also by concerns over the regulation of pensions *qua* financial institutions” (Naczyk 2018). Estévez-Abe showed how certain arrangements of occupational pension schemes can stabilize corporate finance over a longer time horizon by providing ‘patient capital’, whereas other arrangements encourage short-sightedness (Estévez-Abe 2001). In line with these insights, others have investigated how social partners try to shape the organisation of private pensions in order to influence the availability of capital to firms (Clark 2003; McCarthy, Sorsa, and van der Zwan 2016; Naczyk 2016). Apart from corporate financing, scholars have demonstrated that financial actors – such as insurance companies and stock exchanges – have encouraged mandatory private pensions in order to promote their commercial objectives (Kemmerling and Neugart 2009; Leimgruber 2012; Naczyk 2013). More generally, international organisations such as the World Bank and financial institutions have encouraged governments around the world to shift towards mandatory private pensions in order to generate capital that would boost economic growth (S. M. Brooks 2009; Madrid 2003; Müller 2003; Naczyk and Domonkos 2016; Naczyk and Palier 2015; Orenstein 2008).

So according to these scholars, regulatory interventions in private pension provision are explained on basis of non-social interests; this in contrast to the previous approach which explained interventions as an integral part of the social conflict dimension. To be sure, this does not mean that the welfare-finance scholarship denies that there is a social dimension to pension reforms – yet the political-economic struggles that explain this social conflict dimension are studied and understood separately from those characterising non-social conflicts. In other words, the politics that shape public welfare provision are considered different from those that shape private welfare provision. A second important remark is that few scholars see public and private reforms as subject to completely distinct reform dynamics; this by recognising that pension privatisation is promoted in order to facilitate the pursuit of non-social objectives through private provision. But even if there are no ‘pure’ cases of analysing reform dynamics of public and private pensions as separate, the link remains quite shallow. Insofar as public reforms are interpreted only on basis of interests in organising private provision (such as growth or financial market developments), this approach does not integrate broader conflicts regarding the social dimension of public welfare reform into its explanation of private reform politics.

2.2 *The proposed framework: distinct yet related reform dynamics*

In the following I present a framework that builds on insights presented earlier, but specifies a different way to explain the relationship between reform dynamics in public and private pensions. First I specify in what way they are different from each other; subsequently I explain why they should be studied in relation to each other rather than separately.

In line with the insights from the ‘welfare-finance nexus’ scholarship, this framework starts with differentiating between two different reform dimensions. Apart from conflicts about the extent of public provision, there are important struggles regarding the appropriate organisation of private welfare. This means that actors such as social partners or financial firms are not simply divided across the public–private cleavage, favouring either more or less public welfare spending; they also have a different set of interests as to how occupational and personal pension provision should be organised. Whereas welfare-finance scholars focus mainly on the financial interests of both governments and non-state actors (e.g. corporate governance; financial market expansion), this paper extends this to other non-social objectives regarding occupational or personal pensions. For example, companies use occupational pensions as a Human Resource tool for attracting and retaining a skilled and loyal workforce; unions on the other hand have used occupational pensions as a bargaining chip during collective negotiations, or even as an opportunity to have a say in the firm’s investment decisions (i.e. economic democracy) (Green-Pedersen and Lindbom 2006; Pavolini and Seeleib-Kaiser 2016; Shalev 1996). Recognising the importance of conflicts regarding the non-social aspects of organising private pensions sets this approach apart from those analysing interventions as integral part of reform politics regarding the extent of public provision.

Even though the organisation of public and private pensions represent two distinct conflicts with different interests, they should not be studied in isolation from each other (see

Figure 7). The reason is that the political-economic struggles that drive reforms in public and private provision spill over into each other. This is a consequence of the non-controversial observation that different ways to organise private pensions have *both* non-social and social implications. In other words, regulatory interventions that aim at promoting social objectives within private pension provision will also have implications for non-social interests (e.g. setting minimum employer contributions increases adequacy, but also hampers competitiveness of that company while it promotes the commercial objectives of financial firms). Recognising this simple link allows us to reveal the political-economic dynamics that connect reforms in public and private welfare provision. Governments can pursue social objectives through regulating private pensions (rather than through public provision). Non-state actors can promote such social interventions in the private sphere in order to pursue their own non-social goals; but they can also oppose social interventions insofar as this harms their own valid objectives.

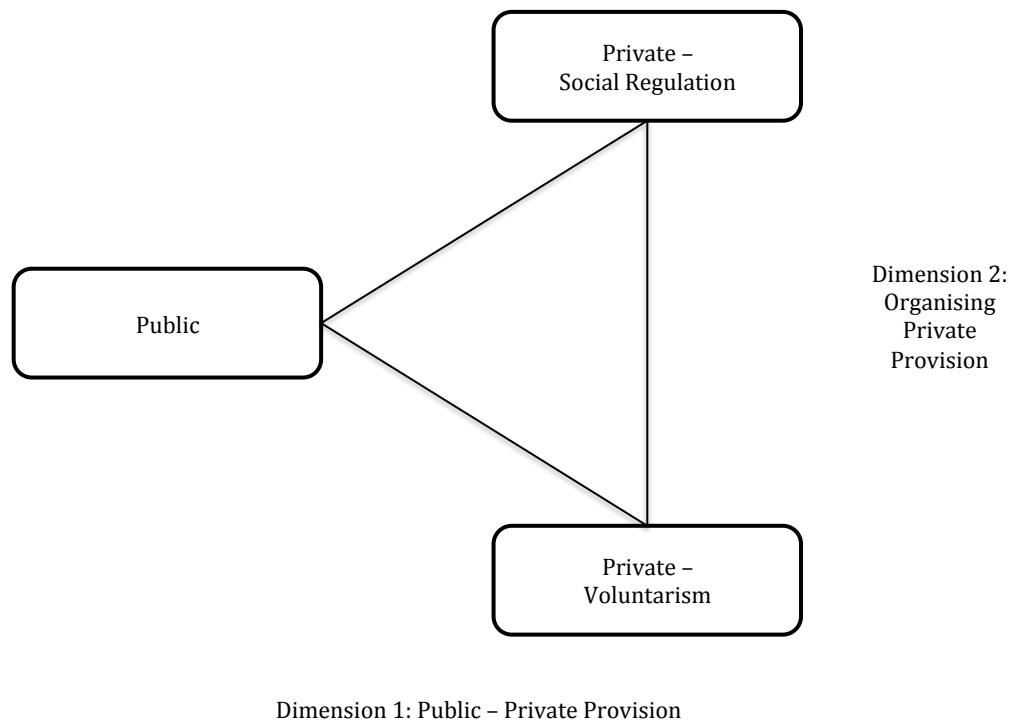


Figure 7 Proposed approach to studying reform dynamics by combining two conflict dimensions

Applying this simple framework to analyse the shift away from voluntarism in organising private pension provision in Germany and the UK reveals three reform dynamics that cannot be easily identified using the alternative approaches.

First of all, the case study provide more insight as to how state interventions in private provision are linked to efforts to contain state involvement through public provision. Reform efforts to limit fiscal liabilities by reducing or containing public provision reduces the scope to achieve pension adequacy through public provision. Yet as long as households expect an overall level of adequacy that is higher than what is publicly provided, governments have a stake in promoting private provision instead; this in order to avoid re-emerging pressure on public welfare provision. In other words, the shift from provision to regulation is driven by the state's long-term objective to contain fiscal liabilities resulting from public provision.

Secondly, it helps explaining why certain regulatory interventions are preferred over others; but also why there are limitations to achieving social protection through private provision. Improving social outcomes in private provision requires regulatory interventions, which restricts discretion of actors. This can hamper their ability to achieve their own non-social objectives. Surprisingly, this paper finds that it is often social partners that make social interventions harder to implement. For example, employers are concerned that being forced to contribute to occupational schemes further reduces their competitiveness. But also unions are often reluctant, this because they see it as an unwelcome replacement of public provision (their preference); or even because they are reluctant to convey to their members that they have to divert a higher share of their wages into pension schemes.

Thirdly, it provides insight as to why governments are compelled to intervene, even when they are reluctant to do so as result of resistance against such interventions. Quite

surprisingly, this paper finds that it is often financial actors that promote ‘social interventions’ when governments are reluctant to engage in more intensive regulatory intervention. The underlying reason is that these financial actors align their commercial interests with the state’s concern regarding social inadequacy and resulting political instability.

3. Case Study: Pension reforms in Germany and the UK

In order to substantiate the theoretical argument presented in the previous section, I explore pension reform dynamics in Germany and the UK since the 1990s. Within the comparative political economy literature, Germany and the UK represent very different ways of organising welfare (Esping-Andersen 1990; Hall and Soskice 2001; Clasen 2005, 2011). Germany has traditionally organised earnings-related welfare security within the public welfare system (Jochem and Schulze 2007). In contrast, the UK has done much effort since the early 1980s to keep public welfare provision at a minimum, leaving the task to achieve adequate pensions to voluntary initiative within markets (Esping-Andersen 1990; Moran and Schulze 2007). Furthermore, while the UK is expected to respond to pressures by further de-liberalisation and facilitating market-relations, Germany is expected to reinforce coordinated forms of organising social insurance (Hall and Soskice 2001; Mares 2001).

Despite these different political economies of welfare provision, both countries exhibit surprisingly similar reform dynamics with respect to state involvement in organising non-state pension provision. While Germany and the UK both started off with a voluntarist approach to organising private pension provision, both countries eventually went well beyond merely encouraging higher participation. Initial reforms during the late 1990s introduced heavily regulated and subsidised financial products within the personal pension market, specifically designed to be attractive for lower earners (respectively the Riester Rente and Stakeholder Pensions). These reform efforts did not yet involve coercion and were therefore still broadly developed within the voluntarist tradition; nevertheless they actively shaped markets in order to provide more attractive options to choose from. Faced with disappointing results, both countries subsequently shifted their approach to expanding occupational welfare in order to achieve higher coverage and saving levels. These new initiatives depart more clearly from voluntarism by introducing elements of mandatory enrolment regarding both workers and employers. In 2007, the UK introduced quasi-compulsion in the form of auto-

enrolment with obligatory employer contributions. While Germany already restricted employers' discretion to some extent in the early 2000s, policy initiatives have shifted since then even more openly towards introducing coercive elements (be it in the form of sector-wide schemes that would oblige both individual workers and firms, auto-enrolment or even straightforward compulsion). Given their very different institutional backgrounds, how can we explain these strikingly similar reform developments in Germany and the UK, away from voluntarism towards progressively intrusive state intervention in the organisation of private welfare provision? For both case studies, I first explore how efforts to redefine the role of public pensions translate in reform efforts regarding private provision. Subsequently I investigate how, following those initial reforms, both governments were drawn even more into interfering into private welfare provision; shifting the organisation of private provision further away from voluntarism.

3.1 Reform dynamics in Germany

3.1.1 Public and private pension reforms in Germany

Public, statutory pension provision has been the dominant source of old age income in Germany until well into the 1990s, securing income-maintenance at a replacement level of 70% for a standard pensioner (Ebbinghaus, Gronwald, and Wiß 2011, 119; Jochem and Schulze 2007, 683). Yet pressures to stabilize the required social contribution rates intensified throughout the 1990s; this in a context of high unemployment, costs of unification and fiscal discipline required by the Maastricht criteria (Jochem and Schulze 2007, 682–84; Häusermann 2010, 126–35; Hering 2004). The first cutbacks in public expenditure were attempted in 1997 by the CDU/CSU-FDP coalition. They introduced a demographic factor that would slow down pension-benefit adjustment and reduce the replacement rate from 70 percent to 64 percent by 2030 (Häusermann 2010, 128; Jochem and Schulze 2007, 683). Pursuing unpopular retrenchment in a unilateral fashion resulted in electoral defeat during the

federal elections of 1998. After fifteen years of centre-right government, the SPD defeated the Christian Democrats largely on basis of a campaign against welfare cuts (Jochem and Schulze 2007, 686; Jacobs 2011, 227; The Guardian 1998). After fulfilling its electoral pledge to revert the measures, the Red-Green government still had to find its own solution to stabilise social contribution rates. The reform measures introduced by the Red-Green coalition over the next few years would ironically result in an even more drastic retrenchment of public provision than initially intended by the centre-right government in 1997. By significantly reducing public replacement rates – from 70% to 64% and subsequently to 46% of former gross wage – the government abandoned the long-standing principle of achieving income maintenance by means of the statutory pension insurance alone (Berner 2011, 134; Jochem and Schulze 2007, 678; 695; Häusermann 2010, 134).

These path-departing public reforms went hand in hand with a drastic policy shift regarding the organisation of private pensions. Until well into the 1990s, a voluntarist regulatory approach to private pensions facilitated the corporate use of supplementary benefits as a way to retain skilled and relatively well-earning employees (Jackson and Vitols 2001; Ebbinghaus, Gronwald, and Wiß 2011, 125).⁵ This changed dramatically when the Schröder administration presented its intention to replace and substitute the reduction in public pension benefits by expanding private pensions (Berner 2006, 506; Süddeutsche Zeitung 1999a, 1999b). This commitment to maintain income maintenance at existing levels through the combination of public and private benefits⁶, effectively rebrands private pensions into an instrument of social policy (Blank 2016).

⁵ Interference was limited to measures to protect employee rights: the 1974 regulation of occupational pensions regulated occupational pension vehicles, introduced insolvency protection and secured vesting rights; yet maintained the voluntarist basis (Ebbinghaus, Gronwald, and Wiß 2011, 125).

⁶ In 2001, the government introduced the concept of a ‘total provision level’ in the policy debate (*Gesamtversorgungsniveau*); set equal or even higher than the 70 percent offered through the old system (Berner 2006, 506). Following difficulties in the 2000s to achieve this overall replacement rate, the government tried to bury these very specific objectives (Mabbett 2011). Yet as I will show below, whether reluctant or eager, the government still tries to expand private provision in order to fill the gap left by public retreat.

Why was the expansion of private pension provision such an important element of the overall reform efforts by the Schröder administration? To explain regulatory interventions in private provision, prevailing accounts stress their political importance in terms of facilitating public reforms: the purpose of expanding private provision is to soften resistance against proposed cuts in public provision (see for example Jacobs 2011, 229; Schludi 2005). This approach implies that the extent and shape of private interventions are shaped by the interests of those most vocally opposed to public retreat – particularly unions and the left wing of the SPD. The problem with this explanation is that private reform proposals were not at all designed to please those who resisted public retrenchment. Rather than nurturing goodwill, the proposed interventions elicited strong criticism and vigorous protests from almost all political corners.

A brief overview of the subsequent reform proposals demonstrates the point. It reveals that both Schröder and Riester (his pension minister) went through quite some trouble to convince unions to accept the private pension reforms. The first proposal to expand private provision, presented by Riester in June 1999, was to introduce a mandatory personal pension scheme. Anticipating significant public protest, these proposals were developed in secret and without intra-party negotiations (Riester 2004, 138–41).⁷ The Greens, part of the SPD and popular press strongly dismissed the compulsory element (*‘Zwangssparen’*) as paternalistic (Deutscher Bundestag 1999a, 1999b, 5176; Süddeutsche Zeitung 1999b, 1999c). The unions were furthermore outraged because Riester’s proposal abolished the long-standing principle of parity financing between employers and employees (*Parität*)⁸, which would result in putting the full burden of expansion on the shoulders of workers (Jacobs 2011, 232; Jochem and Schulze 2007, 687–88). The fact that only employer associations welcomed Riester’s

⁷ In his auto-biography (*‘Mut zur Wirklichkeit’*), Riester explains that they did not plan to present the proposals until the autumn of 1999, but leaks from within the ministry created pressure to make them public much earlier (Riester 2004, 138–41).

⁸ In the trade union federation’s position paper, it was stated that “the DGB rejects an obligatory private pension pillar, especially since this would mean departing from the principle of parity financing”. (Hering 2004, 318)

ideas underscores the argument that this proposal was not designed to please the unions (BDA 1999). Even though Schröder privately endorsed mandatory private saving, overwhelming pressure forced the government to abandon the idea and to look for alternatives (Riester 2004, 141).

Riester's second major proposal, presented in January 2000, was based on voluntary savings but supported by generous tax incentives (Jochem and Schulze 2007, 688). Riester initially tried to avoid dependence on unions and the SPD's left wing by making concessions to the opposition parties (CDU/CSU and FDP). But political competition prevented such broad coalition, requiring Riester to negotiate within his own party. Following several concessions (in particular a much more restrained public cut), Riester achieved sufficient parliamentary support during the summer of 2000 to move forward with his pension reforms. Unions remained strongly opposed to the creation of a multi-pillar system, resulting in public conflicts with the government. Union opposition to these plans is exemplified by Schröder's abrupt ending of a debate during the ÖTV-conference in November 2000: "The introduction of a private pension pillar is a necessity, and we will do it! Basta!" (recounted by Riester in his auto-biography; Riester 2004, 155).⁹

Despite sustained resistance against expanding private provision, unions started to realise that they would be unable to prevent this dynamic and decided to shift focus to their second-best outcome: prioritising occupational over personal pension schemes (Schludi 2005, 160). Interestingly, unions only agreed with Riester's plans for private expansion after getting concessions that had more to do with strengthening their negotiation position in collective negotiations than with preventing privatisation. First, Schröder agreed with the DGB that unions would be able to secure a large proportion of the €10bn in indirect subsidies that were earmarked for expanding private provision (Hering 2004, 338). Secondly, the government

⁹ "Es ist notwendig und wir werden es machen. Basta." Riester notes how this would provide the basis for Schröder's nick-name (Chancellor Basta) and the future relations with the unions (Riester 2004, 155).

agreed that collective bargaining agreements on occupational pensions would take precedence over individual agreements between employees and workers (Hering 2004, 341). Interesting in this respect is Schludi's observation that the overall shift in unions' position regarding private pensions coincides with an internal power shift within several trade unions, whereby collective bargaining experts gained the upper hand over the social policy departments on this issue (Schludi 2005, 161). In short, trade unions considered the shift of occupational retirement provision into the collective bargaining area as a strategy to reinvigorate the dwindling impact of collective bargaining agreements in Germany (Schludi 2005, 160).

These developments show clearly that neither unions nor left-wing parliamentarians were in the driving seat to initiate and design private reform measures. Also the argument that private intervention was required to create a parliamentary majority does not work. During the passage of the 2001 reform proposal through the *Bundestag* and *Bundesrat*, it was the part regulating the promotion of private pensions that proved to be controversial. The proposal to adjust public pension provision (*Altersvermögensergänzungsgesetz*) passed both chambers without difficulties; yet the proposal to regulate private provision (*Altersvermögensgesetz*) only managed to pass the *Bundesrat* after calling in a Mediation Committee and with the smallest majority possible (Jochem and Schulze 2007, 691–92). This adds to the argument that private reforms were not designed as a 'political lubricant' for public reforms.

If private reforms were not designed to appease those protesting against public retreat, what then drove and shaped these interventions? This paper argues that the German government was eager to expand private provision because it was an integral element of its wider reform efforts, aimed at achieving a politically attractive solution to the pension problem that would be stable in the long run. Earlier studies revealed how the SPD was internally divided over the question on how to deal with escalating pension costs, with Schröder playing a crucial role in tilting the balance in favour of the so-called modernizers

within the party (Jacobs 2011, 227; Hering 2003, 103). These modernizers not only aimed at improving the fiscal credibility of the party, they also displayed a genuine optimism regarding the potential of private pensions to offer full compensation for public retreat. Their confidence is reflected by the public commitment to achieve a ‘total provision level’ (*Gesamtversorgungsniveau*) set equal or even higher than the 70 percent offered through the old system (Riester 2004, 152; Berner 2006, 506). Expanding private welfare provision was considered a politically attractive option that combined social objectives with fiscal responsibility. In order to understand the eagerness and enthusiasm of the government for this ‘private solution’, it is good to keep in mind that the financial sector played an important role in convincing the government about the benefits of funded plans (Naczyk and Palier 2015, 27; Wehlau 2009). Already during the Köhl administration, industry associations representing pension funds (aba) and the insurance sector (GDV) were actively promoting a ‘private solution’ (“*privatwirtschaftliche Lösung*”) to the problem of increasing fiscal pressure; for example through expert hearings in the Committee for Labour and Social Affairs (Deutscher Bundestag 1997, 11–26). However, in a thorough study of the influence of financial sector lobbying on pension reforms in Germany, Wehlau concludes that the ‘change in pension policy paradigm cannot be attributed solely to lobbying by the financial services industry’; instead the financial sector ‘could only begin to develop a comprehensive effect when institutional and personal changes became apparent in the pension policy network’¹⁰ (Wehlau 2009, 316; translated from German by author, see footnote for original quote). Finally, plans were designed on basis of the idea that funded pension schemes would deliver higher returns than PAYG schemes (Hering 2004, 324–25).

¹⁰ Full quote in German: “Der rentenpolitische Paradigmenwechsel ist damit nicht ursächlich auf das Lobbying der Finanzdienstleistungsbranche zurückzuführen. Vielmehr konnten die vielfältigen lobbyistischen Aktivitäten und Beziehungsstrukturen der Branche erst in umfassender Weise Wirkung entfalten, als sich im rentenpolitischen Policy-Netzwerk institutionelle wie auch personelle Veränderungen abzeichneten und sich dieses für entsprechende Konzepte öffnete.” (Wehlau 2009, 316).

This argument provides for a better explanation of the observed events than the argument that expanding private provision was designed to convince those mobilising against privatisation; keeping in mind that Riester's first proposals were aimed at expanding personal rather than occupational pensions – something that is obviously not in the interest of unions. Moreover, his initial attempt to introduce personal pensions on mandatory basis is less costly than using tax incentives to promote voluntary pensions. Nevertheless, political feasibility required him to shift towards a diluted solution that is able to get social partners on board. Initially it appeared that the government managed in finding a stable outcome. Even the unions and left wing of the SPD supported the paradigmatic reform and tried to claim credit for some elements (Hering 2004, 318). However, encouraging voluntary provision turned out to be all but self-evident; resulting in further pressures for intervention even after initial enthusiasm faded.

3.1.2 The limits of voluntarism in Germany – drawing the state further in

The Riester Reform in 2001 was met with widespread optimism shared among government and potential providers alike. The Deutsche Bank expected that up to three quarters of the 26.5 million individuals entitled to the subsidy would take up a personal pension, resulting in 18-20 million new contracts (Deutsche Bank 2001). Also with respect to occupational welfare expansion, as Rürup recalled in an interview, the governments' original expectation was that nearly all German employees would quickly sign up for it (IPE 2005a). Yet these high expectations were rather short-lived, resulting in new pressures for intervention even *after* public reforms had been implemented. Rather than mobilisation by unions or voters, it was the organisation representing the pension industry that was among the most vocal actors driving sustained intervention.

With respect to personal Riester pensions, take-up was much slower than anticipated. While the insurance industry was expecting eight million new contracts in 2002, only two

million insurance contracts were signed according to the Deutsche Bank (IPE 2002). The pension insurance industry believed that the failure was the result of restrictive product design, an overly-complex infrastructure and complicated incentives rules (IPE 2002). Accordingly, it lobbied the government to simplify and liberalise regulation by abandoning several of the 'social' restrictions. Certain adjustments to the regulation in order to facilitate take-up were implemented in 2004 (*Alterseinkünftegesetz*); yet against opposition by the financial industry, the government decided to reinforce important other social restrictions, including gender-equality and compulsory annuitization (Jochem and Schulze 2007, 695; Berner 2006, 516). Also the expansion of occupational pension coverage was much slower than initially expected (Ebbinghaus, Gronwald, and Wiß 2011, 133; IPE 2005a). This sluggish development triggered much debate. While the social affairs ministry hailed these developments as a success, pension experts and the lobby group for occupational pensions claimed that the government was not doing enough to compensate for the shrinking first pillar (IPE 2005c, 2005b, 2007b). The occupational pension lobby, in rare accordance with both unions and employer organisations, lobbied hard to convince the governments *not* to abolish the tax exemption for employee contributions, which was due to expire in 2008 (IPE 2007c). The main argument used by the association representing the German pension fund industry (*Arbeitsgemeinschaft für betriebliche Altersversorgung*) was that abolishing tax exemptions would result in increased strains on the first pillar: "while around 60% of the workforce currently enjoy the benefits of occupational pension provision, this [abolishing tax exemption] could reduce and would in turn lead to more people relying on the state pension provision"; Boy-Jürgen Andresen, chairman of aba's board, concluded that "In our view, there is only one follow-up solution [after the abolition] and that is for the government to pay more into the social insurance" (IPE 2007c).

Despite the substantial costs for the state resulting from foregone tax income and Riester subsidy, the government decided to maintain fiscal support for supplementary

pensions in 2008 (Ebbinghaus, Gronwald, and Wiß 2011, 138). This, however, did not put the discussions regarding the need to expand occupational provision to rest. The associations representing the occupational sector (aba) repeatedly urged government and trade unions to work together to increase participation in Germany's occupational pension system, this if Germany wishes to achieve adequate levels of old age benefits in the future and avoid social tensions (aba 2013, 2015). While resisting calls by the industry for further de-regulation and more tax-incentives, the government did start to explore the idea to encourage social partners to provide comprehensive coverage through collective agreements (IPE 2015b, 2015a). In 2017, after two years of debate, the new pension reform law made its way through both chambers of the parliament ("*Betriebsrentenstärkungsgesetz*") (IPE 2017). This law provides a legal framework that makes it possible to set up occupational pension plans without guarantees as part of collective bargaining agreements – the idea is that employers are encouraged by limited liabilities, while the framework of collective agreements ensures widespread coverage and sufficient protection of workers' interests. This new legal framework is another important step towards limiting individual discretion by introducing the possibility of using auto-enrolment as a way to expand occupational coverage. Nonetheless, this shift towards mandatory participation in industry-wide schemes did not go unchallenged; for example, unions resisted the idea that workers not covered by collective labour agreements (*Tarifverträge*) would also benefit from the reform (IPE 2015c).

3.2 Reform dynamics in the UK

3.2.1 Public and private pension reforms in the UK

In contrast to Germany, the United Kingdom never fully developed a publicly organised earnings-related pension system. Early initiatives to expand public provision (known as SERPS) were put on hold and hollowed-out as soon as Thatcher formed a new government in

1979 (Bridgen and Meyer 2011, 272). Unable to abandon the state supplementary pension altogether, Thatcher focused on curtailing the level of public provision as much as possible (e.g. by linking benefits to prices rather than wages) and encouraging occupational provision by making it more attractive for employers (e.g. by allowing opting out into DC schemes and offering additional rebate in National Insurance contributions) (Moran and Schulze 2007, 73; Lynes 1997, 338). This voluntarist strategy to expanding private provision resulted in unequal coverage and deteriorating adequacy levels. Yet this was initially not considered to be a concern for the government. During the mid-1990s, when most continental countries struggled with adjusting to demographic change, the British political establishment congratulated itself on the robustness and integrity of the British pension system (Clark 2006, 145). Throughout the 1990s, this assessment of the British pension system as ‘the envy of the world’ would shift towards a growing awareness that the pension system is in crisis (Pemberton, Thane, and Whiteside 2006). More specifically, it became increasingly clear that a different and more active approach regarding the organisation of non-state provision was required.

Over the course of a few years, the government would shift from its voluntarist to a more active approach regarding organising private pension provision. The first set of active interventions was triggered by a series of scandals in the early 1990s and the public outrage they created (e.g. Maxwell scandal, mis-selling scandals). In 1995 the government was forced to introduce several costly measures to safeguard pension entitlements; revealing that the government could not disregard all responsibility for non-state pension outcomes (Moran and Schulze 2007, 74; Bridgen and Meyer 2011, 273). A few years later, it would become clear that the role of the state within private provision extends well beyond protecting the value of existing pension entitlements. After returning to power in 1997, Labour assessed that low and even middle-income earners who do not have access to occupational pensions will not have pension benefits above the minimum income level, leaving up to a third of future pensioners

facing poverty (Secretary of State for Social Security 1998, 1). At the same time, Labour refused to increase the Basic State Pension or to provide a universal basic old age income. Doing so was considered to be unaffordable (Secretary of State for Social Security 1998, 30). In contrast to Labour in the 1970s, New Labour under Blair rejected responsibility for providing earnings-related benefits, claiming that it is the responsibility to save for one's own pension for those who can. To this end, the Government envisioned a new "partnership" with the private sector to provide benefits beyond this minimum level: "We are building a new contract for pensions between the State, the private sector, and the individual. We believe that those who can save for their retirement have the responsibility to do so, and that the State must provide effective security for those who cannot." (Secretary of State for Social Security 1998, iii). To achieve this, New Labour proposed reforms to both public and private pension provision. The SERPS was replaced by the State Second Pension (SSP), which provides a flatter rate of benefits focused on lower incomes (Secretary of State for Social Security 1998; CASE 1999). Encouraging the development of private funded pensions is also an integral part of the reform effort; it was required to offset policies which will make the state system less generous for average earners (Pensions Commission 2004, 74).

In order to turn around the long-term deterioration of private pensions, the government introduced Stakeholder Pensions: a regulated and tax-incentivised personal pension scheme designed to persuade households to save privately, especially low and middle-income earners (for example by virtue of capped management fees) (Secretary of State for Social Security 1998, 5). While the National Association of Pension Funds was calling for the government to make private savings compulsory, unions remained highly critical of personal pension plans and later mobilised to beef up state pensions by restoring the link with earnings (Eurofound 1997; The Telegraph 2000a, 2000b). Yet the government refused to expand public provision, being optimistic about the prospect of delivering an overall pension outcome that was both fiscally responsible and socially attractive. Similar to

the German case, however, this optimism was short-lived. In the next section I show how the government is drawn further into regulating private welfare provision in light of the limits of voluntarism and the need for stabilising the pension system.

3.2.2 The limits of voluntarism in the UK – drawing the state further in

By the early 2000s it had become evident that the steps taken to increase private sector engagement had not achieved their aims (Bridgen and Meyer 2011, 273; Pemberton, Thane, and Whiteside 2006). The take-up of Stakeholder Pensions was low and companies were massively closing DB schemes for new entrants (Bridgen and Meyer 2011, 273; Munnell 2006). Throughout this period, the government was increasingly criticised for failing to fix inadequate private pension, resulting in mounting pressures to act. Part of this pressure was initiated by public outcry, following new scandals where occupational schemes turned out to be underfunded when the employer became insolvent (Moran and Schulze 2007, 81; The Guardian 2002a, 2004a). On top of this, a significant part of the pressure was aimed at improving overall private pension saving levels in order to close the ‘savings gap’ between actual savings and what people expect to receive as old age income. In contrast to demands for safer pensions, such pressures to intervene in non-state provision in order to expand coverage and saving levels are to an important extent the result of deliberate efforts by the financial pension industry.

During the early 2000s, several studies were published expressing the concern that private pension savings are falling significantly short of expectations; partly because occupational provision is in decline and underfunded, while Stakeholder Pensions are not filling the gap. Many of these studies find their origin with actuaries – e.g. the survey by the Association of Consulting Actuaries (ACA 2001) or Bacon & Woodrow and William M Mercer in 2001 (Daily Mail 2001; The Telegraph 2001b, 2001a). One of the most influential reports, however, was commissioned in 2001 by the Association of British Insurers (ABI),

entitled 'The future regulation of UK savings and investment: targeting the savings gap' (report commissioned by ABI and conducted by Oliver Wyman and Co 2001). The main message of this report is that there is a growing gap between what people are actually saving and what they should be saving to ensure a comfortable old age (i.e. incomes sufficient to maintain pre-retirement standards of living). The report finds that every worker needs to save an extra £1000 a year on average to ensure they can enjoy their old age, creating an annual savings gap between target and projected retirement incomes estimated at £27bn (Financial Times 2004a). The ABI used these statistics as ammunition to persuade the government of the need for further action to encourage private saving; stressing that "the savings gap is one of the biggest social policy issues facing the nation today, fully meriting the term "pensions crisis"." (House of Commons Library 2003). In particular, the ABI was quite critical about the Stakeholder Pension, arguing that the scheme doesn't make "a significant dent in Britain's £27bn annual savings gap" (ABI 2002b; EveningStandard 2002). The two main reasons identified by ABI for the low pick-up of Stakeholder Pensions are first the costly regulations, including the cap on fees which make it uneconomic to provide to lower incomes, and second the lack of incentives for employers to make contributions (Investment Week, n.d.).

Policymakers responded to the concerns raised by the pension industry. The Pickering Report "was commissioned by the former work and pensions secretary, Alistair, Darling, to simplify the horrifyingly complex system to persuade Britons to close the £27bn gap between what they should be saving to ensure a comfortable old age and what they are." (The Guardian 2002b). This report was published alongside two other reports, the Sandler Report and a report prepared by Inland Revenue on pension taxation (HM Treasury 2002a, 2002b). The three reports were still largely developed within the tradition of voluntarism, with proposals mainly focussing on simplification and reducing complexity as the key element in solving the pension savings gap. Critics, however, were increasingly articulate about their scepticism as to whether this voluntarist approach can succeed in bridging the

savings gap (The Guardian 2002a, 2002c, 2002b; The Telegraph 2002). Among these critics, the pension industry is again very present (critics include Prudential UK, AMP UK - owner of Pearl, London Life and NPI, Norwich Union Life, Virgin Money, etc.). Rather than regulating products, these firms demand active encouragement such as further tax incentives and even compulsion (The Guardian 2002b; The Telegraph 2002).

Once again, the government picked up the concerns aired by the financial industry on whether voluntarism is capable to close the pension gap. The Green Paper, presented later in 2002, acknowledged demands for compulsion, yet re-affirmed the Government's belief in the potential of the voluntarist approach (DWP 2002, 12; 25); "people who want to live on more than their income from the State in retirement will want to choose how much to work and save to secure their preferred income." (DWP 2002, 34). However, it also decided to establish a pensions commission "to advise whether there is a case for moving beyond the current voluntarist approach." (DWP 2002, v). This provided the mandate for the Pensions Commission, led by Adair Turner, which produced two influential reports in 2004 and 2005. These reports would be the basis for the two Pension Acts in 2007 and 2008 that ended voluntarism and expanded public provision.

The impact of these reports is not accidental; instead the sequencing and structuring of both reports were consciously designed to change the political landscape by generating broad political support for reforms that were hitherto unthinkable (the following interpretation is based on the results from a workshop at the Institute for Government; IfG 2010). In the first report, Turner refrained from making any policy recommendations (it is most likely that the eventual recommendations would have triggered an immediate backlash). Instead the Commission focused on depoliticizing the debate by establishing a shared understanding of the challenges regarding the current pension system, as well as making clear "that the nation faced an unavoidable choice between four possible options: stick with the business as usual

option and allow pensioners to become poorer relative to the rest of society; increase the amount of tax revenue devoted to pensions; increase private savings; or raise the average retirement age” (IfG 2010, 92). After spending a lot of time and effort on convincing stakeholders of the need for policy reform, the second report made recommendations that went well beyond its initially limited merit – including auto-enrolment and increasing the state pension age.

The first report by the Pensions Commission showed that private pension provision is in significant decline, rather than offsetting the state’s retreating role (Pensions Commission 2004, x). Without action, current trends result in widespread inadequacy that will concentrate on middle income earners working in the private sector (only the very lowest and highest income earners aren’t expected to experience a very significant drop in old age income) (Pensions Commission 2004, xi; 166). While the Commission acknowledges that doing nothing is a policy option, it remarks that it is politically not an attractive one: “The increasing inequality of pension provision will create major social stress; and those who lose out are likely to lobby and vote for *ad hoc* rather than intelligently planned changes to the state system, and will be a powerful political force given the increasing proportion of elderly people in the population.” (Pensions Commission 2004, 170).

On the basis of this shared understanding that current trends “will deliver increasingly inadequate and unequal results”, the Commission presented policy proposals in the second report (Pensions Commission 2005). The Commission argued that measures to encourage voluntary provision are not sufficient to solve the problem, yet recognized that attitudes to compulsion are ambivalent (Pensions Commission 2005, 2).¹¹ Accordingly, the key recommendation was to introduce auto-enrolment as a ‘soft’ version of compulsion; steering

¹¹ “While many people say they want to “have to save”, many respond adversely to the idea of compulsory savings. And there is a danger that compulsory savings contributions may be seen as equivalent to taxation, reducing people’s willingness to support an adequate system of flat-rate state pension provision.” (Pensions Commission 2005, 3).

contributions into a newly created low cost, national funded savings scheme and complemented with a modest level of employer contributions. Ignoring the instruction to focus exclusively on private pensions, the report also recommended that the state pension should become less means-tested and more universal in order to prevent saving dis-incentives (which of course results in more expensive state pensions) (Pensions Commission 2005, 6).

Both recommendations were largely implemented through the Pensions Acts in 2007 and 2008; resulting in the departure from voluntarism, as well as a step towards more generous public provision. These are interesting developments, given the earlier government commitment to voluntarism and strong resistance against raising basic pensions. Both measures relied on a complex set of compromises between all actors involved. The new system has been promoted by unions, businesses and the government as a compromise to share the burden of private welfare expansion (IfG 2010, 97). All major parties stood to lose something from the process. Businesses are obliged to enrol all employees and make compulsory contributions. Unions had to overcome a big taboo by accepting an increase in retirement age in order to help paying for higher state pensions. The government had to accept the fiscal cost following from restoring the earnings link; which was refused until then, despite strong union pressure as discussed earlier in the paper (p.88). As could be expected, the pension industry broadly welcomed these initiatives (insurers have long demanded higher basic pensions). Yet also their preferences were not completely fulfilled. Most importantly, the pension industry opposed the proposal to direct automatic savings into a publicly organised savings vehicle, arguing that this creates unfair competition. All in all, these adjustments to the organisation of private pension provision represent a significant departure from the existing voluntarist approach.

3.3 *Discussion*

Both in Germany and the UK, active interventions in non-state welfare provision represent attempts to achieve widespread adequacy within the private sphere; this in order to avoid creating pressures to use public provision to achieve the same result. This need to establish a politically stable pension settlement means that states continue to be involved in organising welfare security, despite privatisation and long after public retrenchment has been approved. In fact, both governments are drawn into ever more invasive interventions, each time it becomes clear that the previous attempt did not work out as expected. The framework developed earlier in this paper helps to make sense of why both countries went through broadly similar reform developments. In what follows I briefly present three main elements that emerge as significant within both cases; this to illustrate the main argument and highlight the limitations of the alternative approaches discussed in section two.

First, in both cases interventions in private welfare provision were directly related to reform objectives with respect to public welfare provision. Yet increasing government involvement was not a response to pressure by organised labour or other vested interests in public welfare provision. In Germany, Schröder not only had to convince unions that public provision had to be rolled back, but *also* that interventions in private provision were necessary. Furthermore, his first proposals were aimed at expanding personal rather than occupational pensions – something that is obviously not in the interest of unions. Similarly, British unions preferred increasing public expenditure over interventions in private provision, resulting in heated conflicts with Gordon Brown regarding linking basic state pensions again to earnings. This finding challenges the approach based on the ‘new politics of the welfare state’ (section 2.1), which explain interventions in private pension provision as a way to appease those who resist public retrenchment. In any case, it is not clear how this approach would explain intensifying interventions in the UK – which did not engage in privatisation.

But also the ‘partisan conflict’ approach, proposed by Gingrich (2011), does not help to explain regulatory shifts in Germany and the UK. Apart from the radical break by Schröder with the Köhl administration, there has been a clear continuity in regulatory initiatives across different governments (e.g. auto-enrolment was initiated by Labour but implemented without noteworthy alterations by the Coalition government). This strongly suggests that private reform politics cannot be explained on basis of partisan considerations (even if partisan conflicts matter to explain public pension reforms; see for example Green-Pedersen 2002; and Häusermann, Picot, and Geering 2013). In contrast to those who explain private interventions on basis of public reform politics, this paper argues that explanations of private intervention should also take into account conflicts regarding the non-social objectives related to organising private pension provision.

This brings us to the second finding: it was the pension industry, rather than unions, that played an important role in pushing for social interventions in both countries. This is quite unexpected given that financial interests generally represent the opposite of social interests (e.g. Hacker 2002). This surprising interest coalition emerges when social reforms happen to run in the same direction as the market-creating reforms preferred by the pension industry (for instance, mandating occupational provision or providing generous tax incentives not only expands coverage but also creates new markets). Hence the pension industry played an important role in promoting the ‘private solution’ to an eager Social-Democratic reformer. The attractiveness of this ‘private solution’ for the Social-Democratic reformers (Third Way / Neue Mitte) reflects the political appeal of combining a continued commitment to social policy objectives, with highly sought-after economic credentials such as fiscal responsibility. Yet also when governments were no longer eager to intervene, the financial sector continued to play a key role in chasing up governments to introduce further social interventions, pointing at the growing ‘pension gap’ that could result in increasing demands on public provision. In other words, the influence of financial actors has to be understood in relation to

efforts to contain public provision of pensions; challenging those who argue that financial actors exert influence on basis of arguments regarding the non-social implications of organising private provision.

Finally, both cases illustrate the difficulties involved in achieving a politically stable equilibrium on basis of this ‘private solution’. States are drawn into ever more invasive interventions – involving substantial fiscal and political costs – each time it becomes clear that earlier attempts to expand private provision did not work. Furthermore, it is not always the case that reforms aimed at improving social outcomes run in the same direction as non-social objectives. Because social interventions require constraining discretion, tensions can arise when they hamper other valid uses of private welfare. This is particularly important with respect to the traditional role of occupational welfare as an instrument to organise labour markets – be it as a human resource tool to attract and retain high-valued workers or as a bargaining chip within industrial negotiations. Social objectives such as increasing coverage or adequacy might require limiting the discretion employers used to enjoy regarding offering occupational welfare benefits or differentiating between workers. Intensified regulatory pressure creates both compliance costs and decreases the benefits of offering occupational provision (Meyer and Bridgen 2012). Improving the social viability of private welfare also results in conflicts with the commercial objectives of private welfare providers (see third paper). So while linking social and non-social issues creates new reform opportunities, tensions between social and non-social reform objectives also create limitations to public intervention efforts to achieve better social outcomes within private provision.

4. Conclusions

Welfare privatisation is often analysed as liberalisation or retrenchment of the welfare state; reducing public provision results in reducing the role of the state in allocating welfare benefits in favour of market dynamics. This paper examines why the role of welfare states does not seem to diminish in a straightforward way, but instead shifts from providing welfare benefits publicly towards shaping the organisation of private welfare provision. It argues that these interventions should not be explained as efforts to facilitate public retreat by softening resistance against privatisation. Governments continue to be drawn into shaping private welfare provision, long after public reforms were passed and despite the substantial costs involved. In order to explain what drives such sustained interventions against the background of welfare privatisation, this paper proposes a framework that does not only take into account conflicts on whether welfare should be provided publicly or privately, it also includes conflicts regarding the appropriate organisation of the provision of private welfare. This framework reveals that actors can have interests both in privatisation *and* in increased state intervention in private provision (e.g. financial welfare providers); or that actors may reluctantly accept privatisation in return for interventions in the organisation of private welfare that serve their non-social objectives (e.g. unions). These new interest constellations open up new reform possibilities for states. Despite the costs involved, promoting private pensions can be a politically attractive alternative to both public provision (resulting in fiscal problems) and ‘passive’ privatisation (which risks being socially unstable). Governments were initially attracted by the prospect of high financial returns. But after this initial enthusiasm receded and governments grew wary of the costs involved, this paper shows that it were financial welfare providers – rather than unions and voters – who played a crucial role in convincing states of the merits of such ‘private solution’. In order to pressure governments into costly interventions, financial actors strategically aligned their own commercial interests with broader social concerns regarding the social stability of private welfare outcomes (more so than relying on economic arguments, as argued by Naczyk 2013; Naczyk and Palier 2015).

Hence to explain the political dynamics that drive welfare state reform, this paper moves away from established explanations based on union mobilisation or electoral pressure; instead it focuses on the interaction between states as independent actors with a stake in stabilising the welfare system, and financial welfare providers with a commercial interest in public support for private welfare.

PAPER 2

ORGANISING PRIVATE SOCIAL PROTECTION: HOW TO EXPLAIN DIFFERENT EXPERIENCES WITH COLLECTIVE RISK-SHARING DURING CRISES IN DENMARK AND THE NETHERLANDS?

1. Recreating social protection within private welfare provision

Against the background of welfare privatisation, risk individualisation is a growing concern (Bode 2008; Clark 2003; Gilbert and Van Voorhis 2003; Gilbert 2005; Hacker 2004, 249, 2008; Meyer, Bridgen, and Riedmüller 2007; Orenstein 2008, 2009). This is particularly salient in the area of pension security, where the ‘great risk shift’ has been amplified by the widespread retreat of employers from making explicit promises regarding pension benefits (Munnell 2006; Hacker 2008). Without the security traditionally provided by state or employer promises, individual households are increasingly dependent on financial markets; hence increasingly exposed to the risk of financial market volatility. The financial crisis in 2008 made clear that these financial risks are very substantial, with asset values dropping by 20% on average in OECD countries between January and October 2008 (OECD 2009). The impact of these financial shocks is especially severe for those households close to retirement; a problem known as the ‘retirement date risk’ (Whitehouse, D’Addio, and Reilly 2009; OECD 2009). Unlike younger households they have fewer opportunities to hold on to their assets to participate in market recovery, hereby ‘locking in’ the severe reductions in

retirement income. Financial fluctuations can have a very significant impact on replacement rates, as illustrated by the OECD simulation in Figure 8.

The financial crisis has triggered new political interest in exploring strategies to better protect individuals from financial risks (OECD 2009; Whitehouse 2009; Antolín and Stewart 2009). Some proposals simply focus on ‘mitigating risks’ – this by restricting or steering investment decisions towards safer strategies (e.g. life cycle asset allocation). The problem is that curtailing risks in this way also limits returns, which are necessary for an adequate pension. More ambitious proposals instead explore new ways of *sharing or pooling risks* within private schemes, hereby recreating elements of social protection within private welfare provision. Collective risk-sharing allows scheme members to benefit from high-return investments while limiting their exposure to market volatility. Responsibility can be shared between employers and employees; but workers can also share risks among themselves in collective schemes (Blommestein et al. 2009; Pitt-Watson and Mann 2012; Turner 2014). These different risk-sharing arrangements reflect a variety of ways to organise private welfare provision; offering attractive political alternatives that keep the middle between the extremes of allocating all responsibility either with employers or with individual workers. Nevertheless, proposals to share risks collectively tend to be controversial in practice because they introduce mutual obligations while still requiring individuals to accept a degree of flexibility (Blommestein et al. 2009). This is illustrated by recent debates in the UK regarding the introduction of collective risk-sharing schemes that are promoted as ‘Defined Ambition’ (UK Parliament 2012; Financial Times 2014a; IPE 2015d). This paper proposes an analytical framework that helps to understand the political struggles that shape social risk-sharing arrangements within private welfare provision.

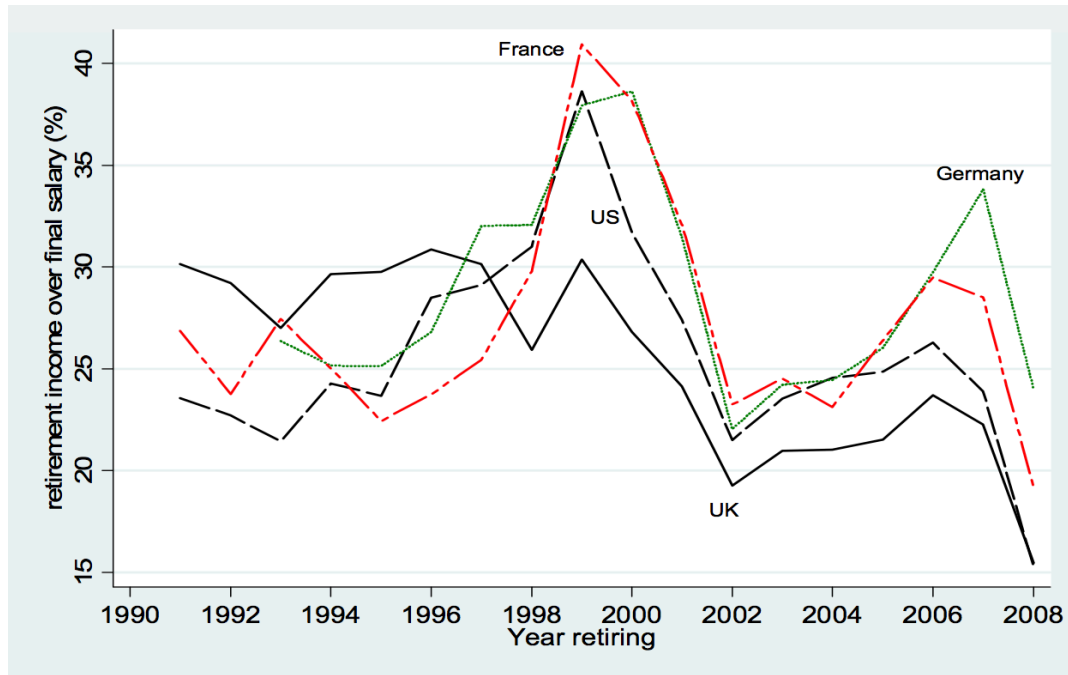


Figure 8 Hypothetical replacement rates for selected OECD countries
Source: (Antolín and Stewart 2009, 20; based on OECD calculations)

Notes: The impact of the timing of retirement on retirement income is measured by the ratio of retirement income to the last salary (i.e. replacement rate). This simulation exercise is based on a set of assumptions regarding saving and investment profile (identical for each country), as well as regarding return on investment for equity and bonds (separate for each country) (For more specific details, see Antolín and Stewart 2009, 21).

The literature on welfare state reforms does not agree on the political viability of recreating social protection through risk-pooling in private schemes. Even though political interest in collective risk-sharing arrangements suggests that there is no straightforward trend towards risk individualisation, some scholars argue that the political viability of these efforts is still very limited. The very characteristics of private pension provision make sustained public scrutiny unlikely, which means that efforts to strip social features of private provision tend to go unchallenged (Hacker 2002, 349; Streeck 2009). Attempts at preserving some level of security by shifting to ‘soft promises’ thus represent nothing more than a further step down towards withdrawing promises and increasing insecurity. Other scholars, however, suggest that the link between pension privatisation and risk individualization is not immediate and automatic (see for example Hyde and Dixon 2008; Leisering 2011; Trampusch 2006). New levels of social protection are also considered possible within non-state pension provision.

The main idea is that social partners – who are collective by nature – have the capacity to “fill the gap” that public retreat has created in social protection (Trampusch 2008; Johnston, Kornelakis, and d’Acri 2011). In other words, the viability of private social protection depends on the capacity and willingness of social partners to negotiate new levels of risk-pooling through collective agreements. So in order to explain variation across countries, this argument refers to differences in the initiatives and capacity of social partners.

This paper agrees that welfare privatisation does not necessarily result in risk individualisation. Yet it challenges the notion that collective actor initiative can explain the viability of collective risk-pooling within private welfare provision. It is true that social partners have played a prominent role in organising the most important collective risk-sharing schemes. But referring to social partner activism is not very helpful in explaining why different countries have had very different experiences with collective risk-sharing. This can be best illustrated by comparing countries where occupational pensions are organised through nation-wide collective agreements. Sweden did not introduce collective risk-sharing mechanisms within occupational pensions, even after most pension schemes shifted to DC in the late 1990s (Barr 2013, 107; IPE 1999). While Denmark and the Netherlands do organise collective risk-sharing, both displayed substantial differences in terms of their ability to weather major crises (see below). Such differences are difficult to explain on the basis of social partner activism; at least not without resorting to the *ad hoc* explanation that social actors simply made different decisions. Relying too much on collective actor discretion and initiatives to explain different outcomes constitutes a theoretical weakness that I address here.

Keeping in mind the challenge to the prevailing argument, this paper proposes a different analytical approach to understand the political viability of recreating social protection within private welfare provision. It argues that the debate has to shift beyond its current focus on the *agency* of collective actors, towards greater attention to the *structural*

context in which these agents make their decisions. In particular, this paper argues that regulatory frameworks play a crucial role in establishing and maintaining private social protection. Regulatory frameworks provide the necessary stability and trust that is required to manage the distributional struggles that emerge from organising collective protection against systemic risks (such as market volatility). In a nutshell, collective protection against market risks works by accumulating a financial buffer during good times that can be used at a later point to mitigate the consequences of bad times. Yet when should you build up this buffer and when should you start using it? These decisions have important distributional consequences. Hence in order to sustain risk-sharing arrangements over time, it is crucial to establish widespread acceptance of these decisions and trust in those who make them. Governance rules, embedded in regulatory frameworks, play a necessary role in underpinning that trust. In contrast to the existing focus on the capacity of social partners to ‘fill the gap’ created by state retreat, this paper suggests that states continue to play a crucial role in establishing and maintaining private social protection. In terms of policy implications, it proposes to focus more on efforts to design and maintain a stable regulatory framework that binds participants, rather than to rely on the discretion of social partners to establish private social protection.

To substantiate my argument, I use the cases of Denmark and the Netherlands to construct a most-similar case study. Both countries have important collective risk-sharing arrangements that are both attributed to collective agreements between social partners (in other words, these are cases where we would *least* expect the state to play a decisive role). Despite their far-reaching similarities, both countries have had very different experiences with collective risk-sharing during the two crises in the 2000s – this in terms of crisis performance as well as accompanying conflicts. First, several conflict lines regarding occupational pension provision have surfaced in the Netherlands during the past two decades, while in Denmark none of these conflicts have emerged. Secondly, the two main crises in the 2000s have had a very significant impact on the performance of Dutch pension schemes and subsequently on

the benefits of scheme members. While Danish pension providers were certainly not immune to the impact of both crises, this did not translate into a detrimental impact on the security of benefit levels. These diverging outcomes are all the more surprising given that DB schemes were still dominant in the Netherlands in the early 2000s, while Danish schemes were already based on DC. Rather than resorting to the *ad hoc* explanation that Dutch actors simply made worse decisions, I show that diverging experiences can be better explained by the presence of different governance rules and regulatory frameworks.

The rest of the article is structured as follows. The next section presents the analytical framework in more detail by critically discussing the literature and developing the argument. Section three applies this argument in order to explain the puzzle of diverging experiences between Denmark and the Netherlands. The conclusion discusses how this conceptual framework can help to explain the difficulties of organising private pensions in other mature welfare states.

2. Analytical framework: Explaining the viability of collective risk-sharing arrangements

2.1 Existing approaches: Can social partners fill the gap of social protection?

Scholarly interest in occupational and personal welfare has surged over the past few years (Greve 2007; Ebbinghaus 2011b; Seeleib-Kaiser, Saunders, and Naczyk 2012; Pavolini and Seeleib-Kaiser 2016). It is well-recognised that private benefits constitute a significant part of overall welfare benefits in several countries (Hacker 2002, 8; Rein and Rainwater 1986; Shalev 1996; Adema and Whiteford 2010). Yet low or retreating levels of public welfare provision have raised new questions as to whether private welfare provision can serve as an alternative source of social protection. Hacker has argued that the organisation of private welfare provision is too technical and obscure to attract critical electoral scrutiny; so even in those cases where private arrangements still exhibit social characteristics, these are expected to break down gradually (Hacker 2002, 2004). Indeed, many scholars fear that the outcome of welfare state retreat will resemble market liberalisation rather than social security via non-state provision (Bode 2008; Clark 2003; Gilbert and Van Voorhis 2003; Gilbert 2005; Hacker 2004, 249; Meyer, Bridgen, and Riedmüller 2007; Orenstein 2008, 2009).

Against this widespread expectation of inevitable risk individualisation, several scholars argue that socialised protection within non-state provision remains possible. The most developed argument focuses on the importance of industrial relations and social partners (Marier 2012; Trampusch 2006, 2007; Yerkes and Tjzens 2010, 2012; Johnston, Kornelakis, and d'Acri 2011). While agreeing that welfare privatisation results in a retreat of the state, they argue that social partners can “fill the gap” that public retreat has created in social protection. According to this argument, the organisation of welfare benefits can be ‘transferred’ from retreating states to collective bargaining; thus creating an alternative to both public social security and outright market liberalisation (Trampusch 2006, 123–24, 2009,

99). Even though collective bargaining is not organised on the level of a whole nation (unlike public social insurance), it still provides a reasonably good proxy in terms of creating an encompassing risk-pool. This way, the self-regulative role of collective welfare development can compensate for losses of solidarity that result from the retrenchment of public welfare benefits (Trampusch 2009, 105–6). The role of the government is considered important, but ultimately restricted to supporting collective agreements – for example by legal expansion of coverage, or providing tax incentives (Trampusch 2006, 122).

One of the major implications of the existing framework is that, if one wants to understand why collective arrangements emerge or perform in a particular way, you have to look at the initiatives and capacity of social partners. As mentioned in the introduction, this framework cannot account for important variation across countries where such collective actor capacity is present – at least not without resorting to *ad hoc* references to discretionary decisions by social partners. It cannot be denied that the most successful examples of collective risk-sharing within private provision involve social partners. Nevertheless, this paper argues that this analytical reliance on the agency and discretion of collective actors hides as much as it reveals. Focusing too much on collective actor initiatives risks eclipsing the importance of the regulatory context in which these actors make their decisions. More specifically, it obscures the sustained importance of state intervention in organising social protection. Governments play an important role by shaping the regulatory frameworks that create the trust and stability that is required to manage the distributional struggles that emerge from organising collective protection.

2.2 *The role of regulations in structuring distributional conflicts*

To explain different experiences with collective risk-sharing arrangements, this paper focuses on the importance of pension fund governance and the regulatory system that underpins it. Collective risk-sharing always involves distributional struggles. Regulatory frameworks play

a very important role in establishing, supporting and maintaining stable organisation of these distributional conflicts. In what follows I present an analytical framework that shows how collective risk-sharing can be organised very differently, depending on how the underlying distributional struggles are shaped.

In order to understand why collective risk-sharing always involves distributional struggles, it is first necessary to take a closer look at how such arrangements provide protection against risks. There are many problems involved in securing adequate pensions; including risks related to longevity, retirement date, market volatility, inflation, etc. (Barr 2012a). While some of these risks are idiosyncratic, this paper focuses on efforts to share systemic risks that are inherent to the entire market. These risks, such as a financial crisis or an unexpected change in life expectancy, affect all individuals within a risk-pool at the same time. Unlike idiosyncratic risks, systemic risks cannot be shared within the *current* risk pool because a systemic risk affects all individuals at a certain moment. Collective protection is still possible, yet it cannot be done without redistributing risks *between* different groups. For example, risks could be shared with an external actor such as employers or the state. In absence of an external risk absorber, risks can also be shared among scheme members over time. In practice this means that high returns are collected during periods with good economic performance to create a financial buffer to dampen return shortfalls during economic downturns. This, however, requires making important decisions on how surpluses and funding shortages will be distributed across stakeholders (Bovenberg, Mehlkopf, and Nijman 2014). For example, when should a fund require a higher level of contributions than strictly needed for matching liabilities given a certain return (i.e. creating a buffer)? Or when should a fund pay out a higher level of benefits than is justified by the current level of investment returns (i.e. using the financial buffer to reduce financial downfalls)? These decisions determine how responsibility is shared within the risk-pool. Because sharing systemic risks requires allocating the burden between different groups, important decisions on *how* to

distribute these risks within the collective become unavoidable. Given the distributional consequences of decisions on how to share risks within the collective, the organisation of decision-making is crucial (i.e. the governance of the fund). In order to accept the outcomes of these distributional decisions, participants have to trust that decision-making is organised in a fair manner (for the importance of trust, see Vickerstaff et al. 2012; Whiteside 2002, 2010).

This paper proposes a conceptual framework that distinguishes between two dimensions of pension fund governance. First, one needs to agree on the extent to which each participant is entitled to a specified outcome (e.g. a specific benefit level). Secondly, one needs to agree on how this outcome will be achieved (e.g. when to build up financial buffers and when to use these buffers). As represented in Table 2, this conceptual framework thus distinguishes between the ‘pension promise’ (how the outcome is specified) and the ‘pension process’ (how the outcome should be achieved). Depending on how these decisions regarding pension promises and pension processes are made, one arrives at different organisations of collective risk-sharing. Both dimensions can be organised either more strictly (with pre-set and transparent rules), or more flexible (leaving room for discretion and negotiation).

	Pension Promise	Pension Process
Governance mode	Strict \leftrightarrow Flexible	Strict \leftrightarrow Flexible

Table 2 Organisational characteristics of collective risk-sharing

Traditionally, most attention goes to the aspect of ‘pension promises’ to explain stability: security is considered to follow from explicit agreements on pension promises. The framework proposed in this paper instead stresses the importance of the generally ignored second dimension of pension fund governance: agreements on how to manage the collective

funds in order to achieve certain outcomes. It can be agreed to leave the responsibility to build up a financial buffer to the discretion of the governing body of the pension fund. Yet this requires voluntary self-constraint in order not to consume too much of the investment surpluses during periods of economic expansion. On the other hand, funds with explicit agreements on when to build up and use financial buffers do not rely on such discretion. This way one can achieve security without having to depend on promised outcomes. In any case governance matters, because without a stable agreement on how to distribute risks there is no basis for collective risk-sharing.

Finally, this paper argues that, while social partners play an important role in negotiating these agreements, such voluntary agreements are not sufficient for stable agreements. State intervention is crucial in establishing, shaping and maintaining these agreements; this by establishing clear regulatory frameworks.

3. Case Study: Private social protection in Denmark and the Netherlands

This section applies the analytical framework developed in the previous section to analyse and explain diverging experiences with collective risk-sharing within Denmark and the Netherlands – the two most prominent cases of social risk-sharing within private provision. Despite important similarities between both pension systems, the political economy of collective risk-sharing played out very differently over the past two decades - both in terms of crisis performance and emerging conflicts. Using the framework developed in the previous section, I show that Denmark and the Netherlands have very different ways to organise the distributional conflicts that underlie collective risk-sharing. Rather than resorting to the *ad hoc* explanation that Dutch actors simply made worse decisions, I show that diverging experiences can be better explained by the presence of different governance rules.

3.1 Similar systems, diverging experiences

According to most approaches to classifying welfare systems, Denmark and the Netherlands are very similar (Palier 2010; Esping-Andersen 1990, 74). These similarities stand out clearly when comparing their pension systems. Both feature an articulated three-pillar structure that comprises a basic citizenship-based public pension that provides an effective safety net against poverty in old age, complemented by occupational and personal pensions that aim at income replacement (Anderson 2007, 713; Gisler 2010; Green-Pedersen 2007, 454; Sørensen and Dengsøe 2011). Occupational pensions are organised through collective agreements between social partners, generally on the level of a sector or professional group rather than the individual firm. In the Netherlands, such collective agreements are reinforced by legislation dating from 1949 that allows the Minister of Social Affairs to declare a sectoral pension scheme binding on all employers in that sector (Anderson 2011, 299). Their quasi-mandatory character results in very high participation rates (see Table 3). Replacement rates for occupational schemes are currently still higher in the Netherlands (see Table 3); yet as Danish occupational schemes mature, their share in the replacement rate will grow

significantly (see Table 4). As these collective funds create opportunities for risk-sharing, they play a crucial role in preventing risk individualisation in both countries. Equally important for the purpose of this paper is the fact that Denmark and the Netherlands are practically identical in terms of the ‘structural characteristics’ used by Trampusch to explain how collectively negotiated benefits create social protection within private provision (Trampusch 2009, 102–3). Despite all these far-reaching similarities in the organisation of pension provision, the Netherlands and Denmark have had quite diverging experiences regarding private social protection: this in terms of their ability to weather the past two crises and in the accompanying materialisation of several conflicts regarding occupational provision.

	Coverage Rate		Replacement Rate	
	Quasi-Mandatory Schemes	Voluntary Personal Schemes	Public Pension	Occupational Pension
Denmark	62.3	22.4	21.5	46.3
The Netherlands	88.0	28.3	27.1	63.4

Table 3 Coverage of private pension schemes as percentage of working age population (15-64years) in 2013 (Source: OECD 2015) & Gross pension replacement rates from public and occupational pension schemes in 2013 (percentage of earnings for average salary) (Source: OECD 2015)

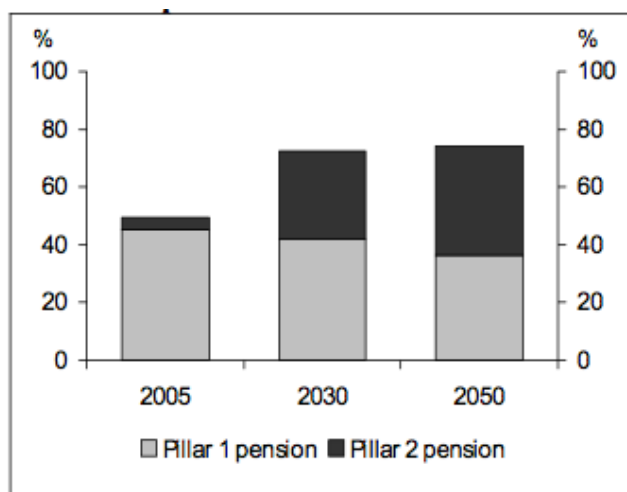


Table 4 Gross total replacement rates in Denmark for average income, 2005-2050. Source: (Ministry of Social Affairs 2005, 13).

Both the 2001-2002 stock market downturn and the financial crisis since 2008 have created severe challenges for the pension industry. Collapsing stock markets reduced the value of the assets of pension funds: in 2008, total assets fell in real terms by 24% on average in OECD countries (D'Addio and Whitehouse 2010, 127). At the same time, decreasing long-term interest rates increased the value of the liabilities held by pension funds. The combination of these developments - decreasing assets and increasing liabilities - resulted in many funds having severe difficulties to comply with both national and European solvency regulation requiring that assets and liabilities are balanced. In the Netherlands, the average funding ratio decreased from 151% in 1999 to 120% by the end of 2001; and in 2002 the reserves of many pension funds fell below the required 100% coverage rate for the first time (Anderson 2007, 746-47). Faced with this drastic deterioration of the financial position of pension funds, the pension regulator issued even tougher solvency rules such as an increase of the required coverage ratio to 105% (Anderson 2007, 747). In 2002, about one-third of pension funds were in the danger zone and had to report plans to the pension regulator to restore solvency (Anderson 2007, 747). Most funds had to increase their premiums, suspend indexation of pension rights, or both (Anderson 2007, 746). This scenario was repeated in 2008: premiums were raised even more, despite the fact that earlier increases had already reached the acceptable limits; most pension funds were forced to refrain from indexing pensions and accruing pension rights; and for the first time several pension funds applied the more extreme option of lowering pension pay-outs (Eurofound 2011; IPE 2010a). On average retirees have experienced a decline of around 10% of their replacement rates as a consequence of inadequate indexation, with further decline expected (Bovenberg, Mehlkopf, and Nijman 2014, 7). Because many pension funds were unable to recover from their funding shortage within the required five years, cuts in nominal pension rights were made in subsequent years as well. The biggest wave of cuts in pension payments occurred in 2013, affecting around 5.5 million workers as well as 1.1 million retirees (Bovenberg, Mehlkopf,

and Nijman 2014, 6–7). About 2 million participants faced relatively large cuts of 6-7% (2014, 7). The actual impact is probably higher as the government allowed funds to cap cuts at 7% and leave the remainder for 2014. These persistent difficulties have generated both national and international concerns about the ability of the Dutch model to ensure secure and adequate pensions (European Commission 2011; IPE 2012b; Financial Times 2013; The Telegraph 2013).

The two crises also affected Danish pension funds for the same reasons, yet in general “pension funds have proved able to absorb quite substantial shocks in the international financial markets” which suggests that “the system is quite recession-proof” (J. G. Andersen 2011, 205–6). While pension funds suffered substantial investment losses, up to 10% in 2008, these were less severe than in other countries because Danish funds generally invest less in equities (see Figure 9). This difference in investment patterns will be accounted for when discussing the regulatory differences between both countries in the next section. A large number of institutions ended up in the warning zone with respect to their funding rate; a few encountered real problems and were placed under special supervision by the authorities (C. Andersen and Skjodt 2007, 52; Brunner, Hinz, and Rocha 2008, 25). Yet eventually all Danish pension funds came out of the crisis with their solvency intact, and no direct losses to policyholders or owners were observed (IMF 2006, 18; Sørensen and Dengsøe 2011, 3). Most importantly, the effects of the crisis did not translate into the same painful consequences for scheme members as in the Netherlands. In contrast to the Netherlands, Danish pension providers entered the crisis with considerable financial reserves which they used as a buffer to compensate for the lower investment returns (Anderson 2008, 29; J. G. Andersen 2011, 197; 205). Using these buffers, most funds were able to provide relatively generous benefits to their members without having to increase contributions (Anderson 2008; IPE 2007a, 2008c, 2008b, 2008a, 2009, 2010b, 2011). Accordingly, Danish occupational schemes have done a

significantly better job in providing secure and adequate pensions than the Dutch schemes (Sørensen and Dengsøe 2011).

The seriousness of these experiences is reflected by the emergence of several conflicts in the Netherlands during the past decades. First, conflicts emerged between pensioner organisations and social partners. During the 1990s, pension funds had huge surpluses which have been offered to employers and workers as ‘premium holidays’ during which no contributions needed to be paid. Pensioners organisations initiated legal action, claiming a share of these profits (Anderson 2011, 746–47). This conflict only grew deeper during the two crises in the 2000s. Contributions aimed at reducing shortages in the funding ratio reached such a high level that governing boards decided to stabilise contributions, instead capping indexation of pension accrual as well as cutting existing pension rights (Anderson 2007, 746; Bovenberg, Mehlkopf, and Nijman 2014, 5). This means that pensioners share in the costs of adjustment (Bovenberg, Mehlkopf, and Nijman 2014, 7; Anderson 2008, 24). In order to defend their interests, pensioners demanded representation on the governing boards of pension funds - an issue that has been subject of much controversy given the traditional bipartite control of those boards (Anderson 2011, 310).¹² Secondly, intense intergenerational conflicts emerged between young and old workers. Part of this struggle concerns the investment policy that should be followed by pension funds - while riskier investments are in the interest of younger generations, older generations prefer better protection of nominal benefits (Bovenberg, Mehlkopf, and Nijman 2014, 9). Yet the most publicized and contentious debate concerns the desired extent of intergenerational solidarity within Dutch collective pension schemes (De Telegraaf 2010a; CPB 2013, 2014; NRC Handelsblad 2013; Steenbeek and Lecq 2007; Trouw 2014). Currently, the use of a single premium and accrual rate, regardless of age, results in a one-way redistribution from younger to older workers. Reform is examined by several political parties who accelerated their effort

¹² In 2007, the Pension Law created clarity by requiring pension funds with at least 1000 pensioners to either include a pensioner representative in the administrative board, or to establish a participants council with advisory power (Anderson 2011, 310).

after an ‘explosive’ study was issued by the Central Planning Bureau in 2013 (CPB 2013; NRC Handelsblad 2013). Thirdly, conflicts emerged between unions and employers. The heavy losses in 2001 and 2002 led to collective bargaining conflicts in 2003 as employers tried to cut costs by adapting pension schemes (Anderson 2007, 747). More generally, occupational pension schemes are a particularly hot topic in collective bargaining in the Netherlands compared to other European countries (van het Kaar 2004). Finally, conflicts emerged between social partners and pension funds on the one hand, and the pension regulator and government on the other. Social partners and pension funds argued extensively for more flexibility in restoring the coverage rate during the crisis, yet the pension regulator didn’t budge, instead issuing tougher rules for pension scheme solvency (Anderson 2007, 747–48). Unable to get concessions from the pension regulator, social partners turned to the government by speeding up the revision of the law that governs occupational pensions (Anderson 2007, 746–49). This politicised the regulatory conflict heavily, yet eventually the government decided to adopt the stance of the pension regulator. In Denmark none of these conflict lines materialised, at least not since the establishment of the current occupational pension system in 1991 (C. Andersen and Skjodt 2007; Sørensen and Dengsøe 2011; Trampusch et al. 2010, 14; Green-Pedersen 2007, 491).

To conclude, Denmark and the Netherlands have had quite diverging experiences regarding private social protection during the two main crises in the 2000s. Despite providing more secure pension promises on paper, scheme members of Dutch funds were much less protected against the effects of the crisis than Danish scheme members. None of the conflicts that emerged in the Netherlands seem to have surfaced in Denmark. These differences cannot be explained by current accounts that focus on voluntary collective bargaining as source of private social protection; at least not without resorting to the *ad hoc* explanation that Dutch social partners happened to make worse decisions than their Danish colleagues. In the

following analysis, I argue that understanding these diverging experiences requires a better understanding of the distributional struggles that underlie collective bargaining.

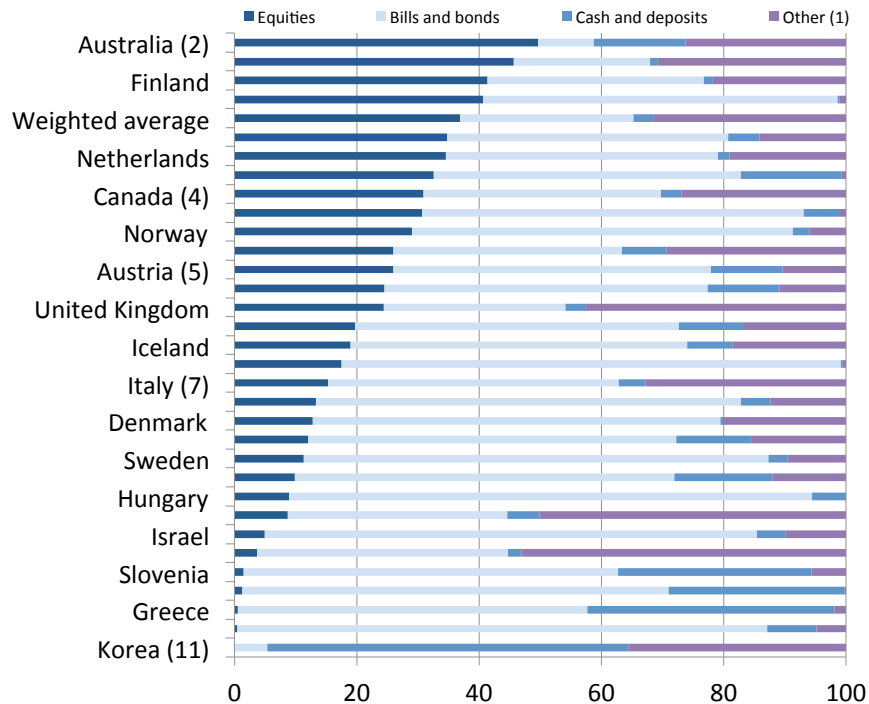


Figure 9 Pension funds' asset allocation for selected investment categories in selected OECD countries - 2011. Source: OECD Global Pension Statistics

3.2 Analysis: Differences in organising collective risk-sharing

Throughout the following analysis, I will show how Denmark and the Netherlands organise the distributional struggles that underlie collective risk-sharing very differently - both regarding pension promises and pension processes. These different organisations are to an important extent supported and shaped by regulatory intervention. These differences allow us to account for the diverging experiences with private social protection.

3.2.1 Differences in organising collective risk-sharing

First of all, Danish and Dutch occupational pension schemes differ in their dependence on explicit pension promises to organise pension security (see Table 5). Until recently, the

majority of Dutch occupational schemes specified a fixed level of promised pension benefits. The level of benefits is calculated as a share of the worker's salary; generally set at a level of 75% replacement wage after 40 years of service (including the income from the public AOW scheme) (Anderson 2007, 729; Bovenberg, Mehlkopf, and Nijman 2014, 3). However, in contrast to traditional Defined Benefit schemes, this fixed promise does not fully shield scheme members from market volatility. When bad financial performance threatens the ability to meet promised benefits, contribution levels are adjusted for all sponsors – including both employers and active scheme members. Repeated rises in contribution-levels have created pressure during the 2000s to shift away from fixed benefit levels. Benefit promises are still made, but are now conditional on fund solvency and hence on the pension fund's performance (Anderson 2011, 307). Danish schemes, in contrast, offer very few explicit promises regarding the outcome in terms of benefit levels. Benefits depend on the amount of contributions made and investment returns, as well as on the average life expectancy for scheme participants (Green-Pedersen 2007, 470; J. G. Andersen 2011, 200).¹³ One could thus state that Dutch and Danish schemes are mirroring opposites in terms of how they structure pension promises. Dutch schemes provide explicit and relatively high promises regarding the level of pension benefits, yet with the possibility of downward revisions. Danish schemes on the other hand provide few or no promises regarding the level of benefits, yet benefits are not confined to the guaranteed part.

Secondly, there are important differences in how Dutch and Danish pension funds make decisions on when to build up financial buffers and when to use these buffers (see 'Pension Process' in Table 4) How these decisions are made is agreed upon in an explicit or implicit pension contract (Bovenberg, Mehlkopf, and Nijman 2014). As already explained,

¹³ Note that the architecture of Danish DC schemes is a bit different compared to traditional DC schemes (E. B. Andersen and van Dam 2008, 6; C. Andersen and Skjodt 2007, 33; Skipevag and Haugseng 2013, 7). Occupational schemes are organised as profit-sharing policies with a guaranteed minimum investment return. Apart from these guaranteed pension benefits, the remainder of payments is conditional on performance. However, the guaranteed benefit is relatively low and most schemes are reducing and even eliminating this level since the 1990s (Brunner, Hinz, and Rocha 2008, 6–7; IPE 2012a; Skipevag and Haugseng 2013, 25–26).

Dutch schemes have an explicit pension promise. Yet when investment returns are more than required for outstanding liabilities, it is not specified how exactly the ownership of these surpluses is organised. Governing boards of pension funds traditionally possessed substantial discretion in redistributing resources across stakeholders (Bovenberg, Mehlkopf, and Nijman 2014, 8; Anderson 2008, 22, 2011, 309–10). Not only do they decide what to do with the surpluses that arise when investment returns exceed the amount needed to cover liabilities, they also make the decisions on how to raise contributions to bridge mismatches between assets and liabilities during investment shortfalls (Turner 2014, 11). Where pension contracts in the Netherlands lack *ex ante* transparency regarding the ownership of surpluses and deficits (Bovenberg, Mehlkopf, and Nijman 2014, 8; Anderson 2008), pension contracts in Denmark are considered ‘complete’ (E. B. Andersen and van Dam 2008; Anderson 2008). As explained, Danish schemes only guarantee a low level of benefits, with the remainder of payments conditional on investment performance. Yet different from the Netherlands, the rules for the distribution of these bonuses are explicitly formulated and play a central part in the functioning of the system (E. B. Andersen and van Dam 2008, 15). Both the distribution between different contributors (such as companies and workers) is specified (‘calculated contribution principle’), as well as the distribution among policyholders over time (‘distributed contribution principle’) (E. B. Andersen and van Dam 2008, 15–16). These rules not only allocate bonuses to policyholders, but also ensure that a financial buffer is built up that can be used to help weather financial turbulence (Anderson 2008, 29).

	Pension Promise	Pension Process
Denmark	Flexible (towards DC)	Strict (Pre-set rules)
The Netherlands	Strict (towards DB)	Flexible (Discretion)

Table 5 Organisational characteristics of collective risk-sharing in Denmark and the Netherlands

We can conclude that Denmark and the Netherlands have opposing characteristics as to how they organise the distribution of risks within collective schemes (see Table 5; based on

the general framework in Table 4). Dutch funds have clear and explicit pension promises, even though they can be revised downwards. As there are no complete contracts regarding risk-sharing, governing boards of Dutch pension schemes have significant discretion over these decisions. In contrast, Danish pension funds make little or no promises, yet decisions regarding surpluses and benefits are governed by clear and transparent rules.

3.2.2 Organisational differences can account for diverging experiences

So why did Dutch and Danish pension schemes have very different experiences in terms of their ability to weather out the crises of the 2000s? Did Dutch social partners simply make worse decisions than their Danish colleagues? In what follows I argue that different experiences are better explained by the presence of different governance rules; in particular the absence of clear and pre-determined agreement in the Netherlands on how to deal with distributional conflicts.

First, during the 1990s the lack of clarity over who owned the surpluses created incentives to pocket the profits rather than holding them as reserves (Anderson 2008). While this benefited contributors at that time (both employers and unions received ‘premium holidays’ during which they had to pay no contributions), it sparked the upsurge in pensioner organisations who demanded a share in the profits (Anderson 2007, 747). During the crisis, this conflict extended to the question whether retirees should also share responsibility in shouldering risk by providing capital (in the form of skipping indexation and even cuts in nominal benefits) (Bovenberg, Mehlkopf, and Nijman 2014, 5). The importance of the governing board in making these decisions explains why representation is such an important demand for pensioner organisations.

At this point, it is also clear why Dutch scheme members suffered more during the crisis than Danish scheme members. While Denmark entered the crisis with significant

reserves and more flexible promises, in the Netherlands financial buffers turned out to be insufficient to match investment losses in order to pay for the promised annuities. In order to restore solvency, Dutch schemes were required to strongly increase contributions. These contribution hikes soon reached their acceptable limits, both for workers and companies as sponsors. As companies were no longer willing to underwrite risks, they renegotiated pension schemes in a way that allowed them to reduce their exposure (for example by making indexation conditional on fund solvency) (Bovenberg 2007, 447). This prompted severe industrial conflicts as unions protested against this retreat of employers as external risk sponsors. Similar conflicts are avoided in Denmark because the responsibility of employers in terms of sharing in burden and benefits is well-defined.

Finally, the lack of transparent agreements creates ambiguity about how much solidarity is desirable across generations. The current organisation of Dutch pension funds is built on an *implicit* agreement between generations wherein younger generations help to support older generations (CPB 2013, 2; Steenbeek and Lecq 2007).¹⁴ In practice this works via the legal requirement that each worker, regardless of age or other personal characteristics, pays the same premium and accrual rate ('doorsneepremie'). While this feature helped with speeding up the accumulation of pension schemes during the 1950s, it is now accused of resulting in a one-way redistribution from young to old (NRC Handelsblad 2013; CPB 2014). One reason is demographic change (fewer workers have to support more pensioners); the other reason is a changing labour market characterised by increasing probability of interrupted contribution periods (young workers are more likely to go through spells of unemployment or periods where they are self-employed). This has resulted in a wide public debate on how much intergenerational solidarity is desirable (CPB 2014; NRC Handelsblad 2013; Steenbeek and Lecq 2007; De Telegraaf 2010a). Such solidarity between generations is

¹⁴ Concretely, this works via the legal requirement that each worker, regardless of age or other personal characteristics, pays the same premium and accrual rate ('doorsneepremie'). Redistribution results from the fact that this doesn't take into account the individual differences in investment horizons. (CPB 2013).

“simply not part of the bargain” in Denmark (Sørensen and Dingsøe 2011, 4). The contribution principle clearly stipulates that “any client should be rewarded proportional to his contribution”, with the implication that “all generations are treated the same in terms of the distribution of returns to investments, indexation of benefits, etc.” (Sørensen and Dingsøe 2011, 4).

3.2.3 Regulatory underpinnings of organisational differences

Regulatory frameworks play a crucial role in creating and underpinning the very rules that govern collective risk-sharing arrangements. While it is beyond the scope of this paper to fully investigate the origins of organisational differences between Denmark and the Netherlands, the following shows how regulatory frameworks shape and embed distributional conflicts.

First it should be noted that the Dutch and Danish occupational pension systems developed in a very different time and context. Whereas the Dutch occupational pension system has developed over a very long period, the expansion of Danish occupational schemes was introduced more recently and through a deliberate process. Occupational pensions in the Netherlands already covered around two out of three Dutch workers by 1953 (Anderson 2007, 725; Whiteside 2006, 47). Coverage further expanded to more than 90 percent of the working population by the 1990s, supported by a law that permits the Ministry of Social Affairs to require all firms within an entire sector to participate in the same pension fund – even if they do not participate in the collective agreement (Anderson 2007, 728). Throughout this whole process, social partners had considerable freedom to negotiate the details of these collective agreements and jealously guarded this prerogative (Anderson 2007, 728). Such discretion matters because occupational pensions are explicitly considered as an instrument of wage policy, requiring freedom over setting benefits and contributions (Anderson 2007, 725). Apart from wage negotiations, sectoral pension funds traditionally played an important role in

providing finance to promoting investment in infrastructure (Whiteside 2006, 47). In contrast to the deeply rooted occupational system in the Netherlands, Danish funded occupational pensions covered only about one-fifth of the labour force by the early 1980s (Green-Pedersen 2007, 479). Low coverage was considered to constitute a ‘pensions problem’, as the state “considered the large number of people living on only the national pension and the ATP as a social problem, and as a factor that could force the government into raising the national pension” (Green-Pedersen 2007, 480). Hence occupational expansion was pursued because both unions and governments had a stake in broader coverage (which would also bring macro-economic benefits for the government), “not because the groups with insufficient coverage put pressure on the government or the [trade unions] to find a solution” (Green-Pedersen 2007, 480). Following several years of negotiations – during which the government insisted that expansion should be organised through collective agreements rather than legislation – social partners yielded during the 1991 collective bargaining round (Green-Pedersen 2007, 480–84). So in contrast to the extensive historical ‘baggage’ of Dutch occupational pensions, the Danish system is quite purposefully designed in a more recent context.

Keeping this historical background in mind, the following presents the main regulatory differences that play a role in underpinning the organizational differences discussed earlier. The explicit pension promise in the Netherlands follows from a long-standing coupling between public and occupational pensions around the official target replacement rate of 70% (Schols-van Oppen 2009, 56). When public AOW pensions were reduced in the 1990s, occupational pensions had to bridge this gap (Anderson 2007, 743). In Denmark, such explicit demands regarding occupational provision adequacy levels never developed, resulting in low need for explicit promises (Green-Pedersen and Lindbom 2006; Green-Pedersen 2007). It can be argued that providing guaranteed pensions in the

Netherlands requires substantial discretion of governing boards.¹⁵ Conversely, it can be suggested that Danish flexibility in promises had to be compensated by stricter agreements on how to manage pension accumulation and its related risks. Using the language from the general framework presented in Table 4: a strict pension promise requires flexibility in the pension process, whereas flexible promises require a more strict process. There are strong indications that in both countries the state plays an important role in supporting these respective pension contracts with accompanying regulation.

While Dutch funds have to achieve pre-specified promises, investment regulation gives pension funds much flexibility with respect to their investment strategy in order to achieve the required returns. Danish pension institutions, in contrast, are subject to strict investment regulation and strict surveillance (J. G. Andersen 2011, 206; Ministry of Social Affairs 2002).¹⁶ Regarding the explicit rules in Denmark for building and distributing financial buffers mentioned earlier, pension funds are “subject to a legal requirement to respect the overall objective of fairness in relation to policyholders” (C. Andersen and Skjodt 2007, 33).¹⁷ Pension institutions are required to notify their policy for allocation between owners and policyholders to the Danish Financial Supervisory Authority (Finanstilsynet), which has the power to review and disallow them if it finds them unfair or imprudent (E. B. Andersen and van Dam 2008, 9; C. Andersen and Skjodt 2007, 32; Helles 2012, 13). Also the accounting rules support the transparency of these agreements as it ‘prevents gains and losses from being hidden and reveals the underlying risk profile of the different contracts’ (C. Andersen and Skjodt 2007, 66). The Danish legal system thus plays an important role in

¹⁵ This trade-off was visible during the crisis when pension funds required more flexibility in restoring solvency requirements in order to prevent painful benefit adjustments.

¹⁶ Among countries that build heavily on pre-funded supplementary provision (Ireland, UK, the Netherlands, Switzerland and Denmark), Denmark is the only country that applies quantitative restrictions rather than the more flexible ‘prudent person’ principle (Haverland 2007, 889).

¹⁷ This was achieved by modifying the existing Insurance Act from 1959 (Helles 2012, 12). During a review in 1989, a provision was introduced (§30) that obliges companies to set rules for calculating and allocating profits to the policyholder and others entitled to the insurance contract. During the subsequent years, this requirement was repeatedly specified with the aim to improve clarity and fairness (Helles 2012, 12–14).

supporting the explicit pension contracts; whereas the Dutch system leaves the pension contract to the discretion of pension boards, while embedding the explicit pension promise.

Regulatory frameworks do not only play a historic role by embedding existing governance rules, they continue to shape the decisions made by social partners. This is most clearly visible in the current revisions initiated by the Dutch government in light of the disappointed promises and painful experiences of the recent years. Confronted with the failure of pension funds to stick to the capital requirements necessary to uphold promises without ever-increasing contribution levels, the government initiated a large-scale review of ‘pension fund troubles’ (Rijksoverheid 2009). Initially, the government proposed a “new pension contract” that aimed to replace the current strict ‘nominal’ pension promises with a variable ‘real’ promise (Ministerie van Sociale Zaken en Werkgelegenheid 2010, 2013b, 2013c; Kapelle and Bovenberg 2012). At the same time, this new contract would be based on explicit and pre-set mechanisms that specify how risks should be distributed (this by adjusting the relevant financial regulatory framework to meet these requirements) (Ministerie van Sociale Zaken en Werkgelegenheid 2013a). However, the government softened its proposal to shift away from fixed promises following critical feedback during a public consultation; unions in particular resisted a shift towards abandoning fixed promises. Subsequently the government has proposed several possible models (Ministerie van Sociale Zaken en Werkgelegenheid 2015, 2016). While a final decision is not yet taken at the time of writing, social partners are moving towards a compromise based on mandatory ‘personal pensions’ with clear property rights, combined with substantial risk-sharing through a collective financial buffer with explicit rules on how to deal with surpluses and deficits (NRC Handelsblad 2017). While unions remain reluctant to move forward without explicit support from their base, the minister of social affairs is pushing them by threatening to enforce reform if they do not decide (Financieel Dagblad 2017). These developments show the difficulties of shifting the organisation of collective risk-sharing arrangements towards a system based on

well-defined governance of the process, rather than on well-defined promises: it requires social partners to accept restrictions in their discretion with regard to the management of occupational schemes, while at the same time they have to accept more flexibility in terms of both contributions and benefit levels. It also illustrates how governments continue to play an important role in organising collective risk-sharing by adjusting the wider regulatory framework.

4. Discussion and conclusion

This paper focused on collective risk-sharing arrangements as a strategy to provide security against financial risks within private pension systems. An analytical framework was developed in order to explain which factors are important for the viability of collective risk-sharing. In contrast to earlier accounts focusing on social partner voluntarism, this paper stresses the role of the governance framework of pension funds in managing the distributional struggles that underlie collective risk-sharing. Such governance framework specifies the way pension funds make decisions on how to share risks between one group and another. A distinction is made between two important elements of pension fund governance: the organisation of decisions regarding the promised pension *outcome* on the one hand, and of decisions regarding the *process* of achieving a certain outcome on the other hand. Furthermore, this paper showed how states continue to play a crucial role by designing and readjusting regulatory frameworks that enforce those governance rules. To support this argument, this paper used the proposed analytical framework to explain diverging experiences in Denmark and the Netherlands during the two crises in the 2000s. Dutch schemes arguably made explicit pension promises, but left distributional decisions to the discretion of governing boards. This created incentives to pocket investment surpluses, left them badly prepared for the crisis and sparked distributional conflicts. Danish schemes made few pension promises but had clear rules on how to deal with surpluses and deficits. This prevented a similar scenario.

To come back to the original question, what does the proposed analytical framework imply for the prospects of political ambitions to use collective risk-sharing as a way to provide more security within private pension provision? Rather than fixing benefits (as in pure DB) or fixing contributions (as in pure DC), the proposed hybrid forms of scheme design share characteristics of both DB and DC schemes (Blommestein et al. 2009). This political interest in hybrid forms of private pension schemes follows from the growing disappointment

with both pure DB and pure DC schemes (Turner 2014). The problem with both scheme designs is that they allocate responsibility for financial volatility exclusively with one actor – respectively the employer or the individual worker – while neither is prepared or capable to take on full responsibility. Accordingly, the success of hybrid schemes depends on the acceptance of these new risk-sharing arrangements between workers and employers, as well as those between workers collectively.

Traditional approaches argue that social partners are the key actors in sorting out these arrangements; suggesting that states can do relatively little to promote private social protection in countries that cannot rely on well-organised and willing social partners. In contrast, this paper stresses the crucial role of states: governments have to design and maintain a regulatory framework that constrains decisions (be it to honour promises or process rules) in order to create the necessary trust to overcome distributional conflicts. In fact, leaving social partners with too much discretion is likely to result in breakdown of collective risk-sharing (exemplified by the prevalence of ‘contribution holidays’ in many countries, not just the Netherlands).

This analytical framework helps us to explain the difficulties of organising private provision in other mature welfare states. In what follows I briefly contrast two recent efforts to introduce collective risk-sharing schemes, in the UK and in New Brunswick (CA) respectively with only the latter being successful. In 2012 the British government initiated an investigation into “Defined Ambition” schemes in an effort to create “greater certainty for members than a DC pension about the final value of their pension pot and less cost volatility for employers than a DB pension” (Thurley 2014, 5; Department for Work and Pensions 2012). This resulted in the introduction of a legal framework (the 2015 Pensions Schemes Act), which provides for schemes organised on basis of ‘collective benefits’ where risks are shared among group members and a flexible ‘target’ benefit level. However, plans to promote

such CDC plans are currently put on hold; this given concerns that people in the UK are not ready to accept more flexibility in terms of both contributions and benefits (Financial Times 2014b). The case of the province of New Brunswick in Canada is very interesting in this respect; this because it is the first jurisdiction in North America that managed to introduce a ‘target benefit’ plan that includes comprehensive risk-sharing arrangements (Munnell and Sass 2013; Government of New Brunswick 2013). Interestingly, the New Brunswick plan combines flexible promises with a fixed process as to how outcomes should be achieved (to use the framework introduced in this paper). The plan guarantees base benefits, but additional benefits only when allowed by the plans financial condition. Yet risks are shared according to a well-specified sequence of actions that should be taken in response to changes in the financial condition of the scheme. However, this reform did not go uncontested, with unions resisting the shift towards a target benefit model as it would abolish fixed promises (CBC News 2013; Financial Post 2014). The main reason why unions eventually conceded, is that they accepted that this scheme would provide a more transparent way of reducing benefits during crises than the current system (CBC News 2013; Munnell and Sass 2013, 4). This brief comparison between both cases confirms the importance of creating trust for the success of collective risk-sharing; trust that is itself based on the introduction of a set of “protocols for responding to changes in the plan’s financial condition: how to increase contributions, change asset allocations, and reduce benefits in response to funding deficits; and how to reduce contributions, change asset allocations, and restore benefits, including restoring previous benefit reductions, and grant ancillary benefits when the plan’s financial condition improves.” (Munnell and Sass 2013, 2).

This paper has focused on issues regarding the maintenance of collective risk-sharing arrangements, rather than on explaining their origin. Social partners have played an undeniably important role in initiating risk-sharing arrangements in Denmark and the Netherlands. Not only are unions very effective in creating the necessary scale for these

arrangements; they also play an important role in cultivating legitimacy and trust in these new schemes among their members. Nevertheless, this paper has shown that the ability of social partners to organise sustainable risk-sharing arrangements on their own capacity is very limited in the context of systemic crises. The argument that limiting social partner discretion is a necessary condition for viable collective risk-sharing clarifies why this is such a political challenge in many countries: convincing stakeholders to accept more flexibility while giving up discretion over contributions and benefits is no easy task.

PAPER 3

COUNTERING FINANCIAL INTERESTS FOR SOCIAL PURPOSES: WHAT DRIVES STATE INTERVENTION IN PENSION MARKETS IN THE CONTEXT OF FINANCIALIZATION?

1. Regulatory politics when financial and social interests are in conflict

Welfare privatization generally increases the dependence of households on investment in financial welfare products to protect themselves against the uncertainties of life (Martin 2002; van der Zwan 2014). Private providers of these products have played an important role in promoting financialization of welfare provision, with pension policy as a prominent example (Hacker 2002; Naczyk 2013). However, welfare financialization creates new conflicts between the social objectives of households and the commercial interests of the financial sector. Returns on financial investments need to be shared between households and commercial providers: higher profit margins for the latter mean fewer resources dedicated to social objectives such as old age income security. While some scholars are optimistic about the ability of financialization to ‘emancipate’ individuals that were previously excluded from participating in financial markets (see discussion in Erturk et al. 2007), others anticipate a less benign outcome where private providers manage to reap much of the return on investment at the expense of beneficiaries (e.g. Blake, Harrison, and Dowd 2014).

Shaping and correcting financial welfare markets can play an important role in tipping these distributional struggles in favour of households (Schelkle 2012). Especially in

the past few years, there has been a tendency towards stricter regulatory interventions in private pension markets (Sier 2016). Yet governments do not seem to come down clearly on either side of the fence: while policymakers do not give free rein to financial actors, efforts to constrain financial firms in order to promote social objectives are often hesitant and limited in scope. Such interventions to improve social outcomes in the private welfare sphere are indeed not self-evident when they are resisted by well-organised private pension providers, often without clear electoral reward due to the complexity of these measures (Hacker 2002). Hence in order to develop a better understanding of the dynamics that shape the outcome of welfare financialization, we need to ask what drives these regulatory interventions that go against the interests of the financial sector.

This paper argues that we have to pay more attention to the state as an autonomous actor, playing an independent role in shaping financialization on basis of its own interests. In doing so, it proposes to shift our analytical attention away from more traditional approaches that understand policy interventions as a response to electoral pressure or the waning influence of financial actors. Rather than analysing states as ‘transmission belts’ that translate pressure into decision, this paper argues that fiscally constrained governments have their own stake in the outcome of welfare financialization: the long-term viability of private pension provision prevents re-emerging pressure on public provision. This means that decisions to intervene in pension markets are not so much steered by demands of voters or organised interests, but rather by policymakers’ assessment of whether intervention promotes their own objective or not. More specifically, this paper argues that interventions actively aim at balancing both the social and commercial viability of private pension provision. Existing efforts to explore the welfare-finance nexus tend to focus predominantly on the financial consequences of social policies (Estévez-Abe 2001; Ebbinghaus and Manow 2001; more recently revived by Naczyk 2013); whereas this paper explores more explicitly the interaction between social and financial considerations. By providing a more nuanced understanding of

how governments shape financialization, this paper addresses the broader concern that “the role of the state remains underdeveloped in this body of scholarly work” (van der Zwan 2014, 113).

In order to support the argument that interventions that counter interests of financial welfare providers are driven by the independent objectives of policymakers, rather than pressure from voters or organized interests, this paper investigates a least-likely case of such interventions: namely the puzzling shift in the UK over the past two decades towards stricter regulation of private pension providers. The Pensions Act 2014 introduced a far-reaching legislative framework that imposes new constraints on pension providers, including stricter reporting requirements and an unprecedented charge cap limiting the annual management charges on a large number of private schemes. This is a significant achievement given the well-organised financial sector in the UK; certainly when compared to the failure of similar efforts to bring down charges only one decade earlier. The introduction of a charge cap on regulated products in the early 2000s was eventually watered down following intense industry lobbying. Even more remarkable is the fact that it was a Labour-led government that backed down to industry pressure in 2004, whereas the recent regulatory push is preceded by a coalition of Conservatives and Liberal Democrats. This paper argues that this regulatory shift cannot be accounted for by an increase in political salience or reduced influence of the financial sector in the wake of the financial crisis. Instead it shows how the shift reflects a different assessment by policymakers in both governments as to whether stricter intervention promotes their shared objective of expanding private pension savings. The analysis is based on qualitative text analysis of the relevant parliamentary debates (identified using Hansard¹⁸), as well as secondary sources such as press articles (identified using Nexus¹⁹), surveys and other publicly available sources. Additional interviews have been conducted with

¹⁸ Hansard search query: “pension” AND “charges”; complemented with targeted reading of the relevant Special Reports by the Treasury Committee as well as the Work and Pensions Committee (analysed all results since 2010; targeted analysis for earlier years).

¹⁹ Nexus search query: “pensions” AND “charges” – In headline & lead paragraphs – UK National Newspapers (analysed all results since 1999).

stakeholders who were directly involved in the negotiation process and representative of both the pensions industry and transparency advocates.²⁰

This state-centric approach to studying intervention in private pension markets has several implications for how we understand the dynamics of shaping welfare financialization. First, this approach suggests that we should pay more attention to how policymakers try to steer the actions of private actors in order to promote their own objectives. Secondly, it shows that the financial crisis did not create problems but merely intensified existing challenges. Finally, it suggests that the politics of regulating private welfare provision are characterised by a continuous negotiation between legislators and industry. Overall, this paper expects that all regulatory outcomes will eventually reflect a negotiated balance between commercial viability on the one hand, and social-political viability on the other.

The rest of this paper is structured as follows. The first two sections focus on reviewing the relevant literature and presenting the proposed argument to explain state interventions in the context of welfare financialization. The subsequent section explains the puzzling shift in the UK towards stricter regulation on basis of the proposed state-centric argument. The fourth section evaluates alternative explanations based on shifts in political salience and organised interest mobilisation, showing that these alternatives do not withstand closer scrutiny. In the conclusions, I discuss how this state-centric approach to studying intervention in private pension markets applies to countries other than the UK, as well as the wider implications for how we understand the dynamics of shaping welfare financialization.

²⁰ Selection of relevant stakeholders is based on the names that featured most prominently in parliamentary debates and oral evidence sessions by the Work and Pensions Committee: (1) *Representing transparency-advocates*: Andy Agathangelou (Director Transparency Task Force; 15-08-2018); David Pitt-Watson (Tomorrow's Investor project leader; 21-08-2018); Christopher Sier (Financial Services Consumer Panel; 24-08-2018); Dominic Lindley (Which?; email correspondence). (2) *Representing pensions industry associations*: Daniel Godfrey (Investment Management Association; 30-08-2018). (3) *Exploratory interviews*: Chris Curry (Direction Pensions Policy Institute; 23-03-2017); Gregg McClymont MP (Shadow Pensions Minister; 04-07-2017).

2. Established explanations for state intervention in financial welfare markets

Market failures feature prominently in explanations for state intervention in financial markets (for an overview see Moloney 2010). Markets for financial welfare services are indeed characterised by several important market-failures, in particular information asymmetries (Barr 2012b, 209). Most people do not understand the basic financial concepts that are required to make good decisions (Mitchell and Lusardi 2011). Complexity in financial products means that “some people end up with high-cost options because they lack the necessary information or capacity to make good choices.” (Barr 2012b, 210). Furthermore, most people do not shop around to find the best deal, which hinders competition on which markets depend to drive prices down (Pitt-Watson and Mann 2012b). Nonetheless, keeping in mind that the main problems of private pension costs were well understood since the 1990s (see for example Orszag and Stiglitz 2001; Whitehouse 2001), market failure as such cannot account for variation in the timing and scope of interventions.

A widespread political-economy explanation for variation in state intervention refers to the ability of industry to shape regulations to serve its special interests. The theoretical argument that policymakers will prioritise narrow, specific interests over those of the public at large has been made under several monikers, including the “logic of collective action” (Olson 1965), the “privileged position of business” (Lindblom 1977), and “regulatory capture” (Stigler 1971; Posner 1974; Peltzman 1976). The basic argument is that it is easier and less costly for a smaller group with high stakes in the outcome to mobilise and influence regulatory decisions, than it is for larger groups with smaller stakes. Business groups in particular are well-positioned to ensure that their preferences are reflected in regulatory decisions. Not only does business possess structural and instrumental power over elected politicians (Lindblom 1977; Hacker and Pierson 2002; Culpepper 2015); special interests can also ‘capture’ regulators and administrators on basis of their industrial expertise or by

offering the prospect of attractive career opportunities (for recent reviews, see Bó 2006; Etzioni 2009).

Nevertheless, the ability of welfare providers to influence policy-decisions is restricted by the responsiveness of policymakers to electoral pressure (Gingrich 2011; Gingrich and Häusermann 2015). Culpepper has argued that capture by special interest groups is more likely when the ‘political salience’ of the issue at stake is lower – meaning that decisions are not likely to affect voters’ behaviour (Culpepper 2010). When voters do care about decisions, decision-makers also take public opinion into account; reducing the scope for business to exert their influence on basis of their expertise or strategic communication of structural importance.

In conclusion, to explain state interventions in financial welfare markets, past scholarship suggests that we have to look at the relative strength of organised interest groups, as well as the level of political salience. Accordingly, the puzzling shift in the UK should be explained by higher willingness of voters to punish and reward the government on basis of introducing stricter intervention; or by changes in the relative influence of organised interests (such as declining influence of the financial sector). However, as I will show in the empirical section, these hypotheses do not seem to be supported by observation.

3. Towards a better explanation: bringing the state back in

This paper argues that established frameworks have important limitations when trying to account for what drives governments to intervene in financial welfare markets. As discussed, most prevalent accounts share a focus on how policymakers respond to ‘external pressure’ – be it electoral pressure or that of organised interest groups. By reducing the role of policymakers to that of a transmission belt – translating pressure into decisions – prevailing approaches fail to detect the importance of the state as an independent actor. In contrast, this paper claims that governments play a key role in shaping the distributional conflict between households and financial providers.

This critique is not new; it goes back to the broader research agenda aimed at ‘bringing the state back in’ (Evans, Rueschemeyer, and Skocpol 1985; Skocpol 2008). This approach starts from recognising that states are “autonomous actors” who “formulate and pursue goals that are not simply reflexive of the demands or interests of social groups, classes, or society” (Skocpol 1985, 9). Also recent studies of welfare reforms have recognised a more prominent role for policymakers, stressing their capacity to steer reforms in their preferred direction (for example through “electoral engineering”, see Häusermann 2010). Other scholars focus on how governments are actively involved in creating and shaping welfare markets through regulations, in contrast to their traditional role of correcting markets (Gingrich 2011; Schelkle 2012; Mabbett 2012; Whiteside 2006).

This paper builds on these efforts to argue that governments play an autonomous role in shaping welfare financialization in order to promote their independent interests. Rather than making far-reaching *ex ante* assumptions as to what drives policymakers, I argue that specifying those interests is ultimately an empirical matter. In the context of welfare financialization, this paper suggests that governments are interested in promoting the success of private welfare provision as a viable alternative to public provision (see also Mabbett 2012;

Leisering 2011; Ebbinghaus and Whiteside 2012; Trampusch 2018). Failure to deliver a politically stable distribution of pension benefits creates the threat that public provision will have to step back in at some point. This concern is clearly formulated by Adair Turner: “The increasing inequality of pension provision will create major social stress; and those who lose out are likely to lobby and vote for *ad hoc* rather than intelligently planned changes to the state system, and will be a powerful political force given the increasing proportion of elderly people in the population.” (Pensions Commission 2004, 170). Hence governments have a clear stake in the long-term success and stability of private welfare provision. This objective cannot be reduced to the interests of voters (Labour in particular had to resist strong calls to increase the state pension instead), or to those of financial welfare providers (whose support for expanding private welfare is conditional upon commercial viability). Whereas the traditional policymakers in state-centric approaches are administrators and experts (see for example Hecló 1974), this paper claims that also elected politicians can share these long-term government goals.

Arguing that policymakers’ decisions are guided by their own objective to promote the long-term viability of private welfare provision does not mean that policymakers act in isolation from electoral feedback or industry pressure. While policymakers take re-election prospects and cooperation by financial actors into account, this still leaves them with considerable discretion in terms of whether and how to intervene. Interventions in financial welfare markets depends on the *assessment* of policymakers as to whether such intervention promotes or hinders the achievement of long-term stability of private provision; rather than on their responsiveness to electoral feedback or pressure by mobilised interest groups. In the UK case, both governments shared the same objective to expand private savings, yet the policy strategy to achieve this had changed. It was this different policy approach that prompted a different assessment as to whether stricter intervention is necessary; not an increase in willingness to go against industry interests or to promote private savings. In

conclusion, this paper argues that governments play a key role in shaping welfare financialization and accompanying distributional struggles.

4. A state-centric approach to explaining the puzzling shift towards stricter regulations of pension costs in the UK

Private pension costs is an old issue that has concerned observers and policymakers since the 1990s (see for example Barr 2002; Freeman and Brown 2006; Orszag 1999; Orszag and Stiglitz 2001; Whitehouse 2001). While the provision of financial vehicles and related services is never without costs, it is crucial for beneficiaries to keep those costs as low as necessary. A small increase in fees compounds into substantial reductions in overall savings over the years. A Dutch regulator has calculated that reducing costs with 0.25 percentage points results in a 7.5% increase in pension asset value over a 40 year term (AFM 2011, 4). Others have shown that, as a rough rule of thumb, each percentage point increase in the total expense ratio leads to a fall in the expected replacement ratio at retirement of about 20% (Blake, Harrison, and Dowd 2014, 48). They point out that while “the investment strategy has an important impact on member outcomes, it is much less important than the impact of charges.” (Blake, Harrison, and Dowd 2014, 48).

Regulatory intervention could significantly reduce the cost of private welfare provision, yet tends to be strongly resisted by financial actors. These firms generally oppose far-reaching intervention; not just because complying and reporting is costly, but also because the lack of transparency allows them to inflate charges and sneak in ‘hidden’ costs (see for example Financial Times 2016a, 2016b). While we expect significant resistance against regulatory interventions, such interventions do not necessarily translate into clear electoral rewards. First of all, envisaged reforms are hardly spectacular. Yearly costs of 1.5% do not sound upsettingly high, and reducing costs by 0.25% isn’t likely to get many people excited. Secondly, rewards can be high but are located in the future and not clearly visible. Even if cost-reduction results in extra savings, people will not receive a big cheque at a certain point in time. Instead these extra savings will incrementally accrue over a very long period of time (most will not even realise). Thirdly, as with most private pension reforms, proposals are

technical, boring and difficult to explain. Especially because policy-makers have to be careful not to propagate that lower costs are always better (to some extent extra costs can mean extra value; plus it risks making people angry about the millions of pounds unavoidably going to financial firms).

In line with these expectations, efforts to bring down costs of private pensions have been rather unsuccessful until recently. Earlier efforts by Labour to bring down charges for asset management – for example by introducing a 1% charge cap for Stakeholder Pensions in the early 2000s – were eventually watered down following intense industry lobbying; resulting in a much more generous cap of 1.5% (IPE 2006; Harrison, Blake, and Dowd 2012, 18). Yet one decade later, the Conservative-led coalition government managed to introduce a new legislative framework that includes, among other measures, a charge cap of 0.75% for the new regulated schemes – limiting fees even more than the cap that was initially defeated by the industry. How can we explain the puzzling shift in the UK towards stricter regulatory intervention that actively goes against industry interests in order to improve social outcomes, given the unsuccessful attempts less than a decade earlier?

4.1 Why did Labour relax regulations in 2004?

Since the early 1980s, subsequent governments in the UK did much effort to keep public pension provision at a minimum; leaving the task to achieve adequate pensions to voluntary initiative within markets (Esping-Andersen 1990; Moran and Schulze 2007). However, persistently low levels of private savings were increasingly perceived to be problematic. After returning to power in 1997, Labour assessed that low and even middle-income earners who do not have access to occupational pensions will not have pension benefits above the minimum income level, leaving up to a third of future pensioners facing poverty (Secretary of State for Social Security 1998, 1). At the same time, Labour refused to increase public provision as doing so was considered to be unaffordable (Secretary of State for Social

Security 1998, 30). This established the background for new reform initiatives aimed at promoting private pension savings. At that point, analysts were convinced that people did not save because there was no attractive savings product available (interview with Chris Curry – director of the Pensions Policy Institute – who then worked on this problem at the Department for Work and Pensions). The solution was to introduce a regulated low-cost product that is sufficiently appealing to buy on a voluntary basis: the Stakeholder Pension. A key characteristic of this product was the 1% charge cap to keep costs low. However, this initiative failed to achieve its objective to expand coverage of lower income households (Pensions Commission 2005, 48). The government initiated a review of the retail savings industry – led by Ron Sandler – in order to investigate why Britons were not saving enough and to propose solutions (HM Treasury 2002). This review resulted in a revision of the regulatory framework for the existing Stakeholder products (HM Treasury and DWP 2003).

The revision of the initial Stakeholder Product opened up a window of opportunity for the pension industry to get rid of the charge cap on regulated products. The industry had been strongly critical of these constraints, judging them too stringent to make selling the product worthwhile (House of Commons Library 2001, 15; ABI 2002a). At that point, the industry was not in a comfortable position to convince the government. Not only did Sandler unambiguously advise the government to stick to the 1% price cap (HM Treasury 2002, 23), the Treasury itself strongly insisted on maintaining the price cap – stating that “the Government has a high threshold for persuasion for moving from a flat 1% charge” (HM Treasury and DWP 2003, 19). Nevertheless, following two years of intense lobbying, the Treasury dropped its insistence on the charge cap and decided to relax the cap to 1.5% (Financial Times 2004b). While consumer representatives decried the decision, representatives of the life insurance industry welcomed the news – saying they were encouraged that the Treasury had listened to their concerns during the consultations (The Independent 2004; The Guardian 2004b).

Why did the Treasury eventually give in to pressure from the life insurance industry? All evidence strongly indicates that the government caved in because it feared that sticking to the cap would result in certain failure of its strategy to expand private savings; this for the simple reason that the pension industry would not sell the regulated products. The Association of British Insurers made very clear to the government that doing so would be “unprofitable” (Work and Pensions Committee 2003, 57), while big insurers were already reported to have gone on a "seller's strike" (The Guardian 2002d). In the words of Francis McGee, the Association of British Insurers' head of regulation and strategy: "The impact of 1 per cent charging on the pensions market is already clear in terms of deteriorating sales. If the Government is committed to closing the savings gap, it needs to move away from 1 per cent." (The Independent 2004a). Confronted with this threat to boycott the new product, the Treasury financial secretary admitted that “the government had to strike a balance between the interests of consumers and the economics of the market.” (statement by Ruth Kelly in The Guardian 2004). When pressed about this in the Commons, she explained why the government conceded to the financial sector: “What we want them to do is open their doors to low to moderate income consumers—that is the ultimate goal of this—and to encourage people to save who have previously not saved. If that is the ultimate result, then I think this policy will have been successful.” (Select Committee on Treasury 2004b, Q2134).

In conclusion, the government relaxed the price cap in 2004 because it was convinced that doing so was necessary to achieve its core objective – namely expanding private saving levels. The government was inclined to stick to a strict price cap; but assessed that doing so was likely to result in failure of the stakeholder strategy. On the other hand, abandoning such strict regulations would give the stakeholder regime at least a shot at success.

4.2 *Why did the coalition government introduce stricter regulations in 2014?*

Disappointed with the earlier efforts to promote private savings on a purely voluntary basis, both Labour and the Conservatives became convinced that some level of compulsion was necessary (House of Commons 2008; Bridgen and Meyer 2011). This resulted in a cross-party agreement in 2008 to introduce a new strategy to expand private savings that was based on the idea of “auto-enrolment”. This requires employers to subscribe their workers to a private scheme and to contribute to it, unless the employee decides to opt out. The insight behind auto-enrolment is that people tend to stick to default options (Thaler and Sunstein 2008); hence most people are expected to refrain from leaving a scheme in which they have been automatically enrolled, whereas it is less likely that they join that scheme voluntarily. For those employers who do not actively select a scheme for their workers, the government designed NEST; a semi-private default scheme, executed by private associations but heavily regulated by the state to control investment risks and achieve low costs. While the pension industry welcomed NEST as a solution for commercially less attractive low-income households, they lobbied intensively to prevent competition with their existing pension provision (achieved through a cap on contributions to NEST). The industry also managed to get a relatively free hand in organising the private pension schemes that operate alongside NEST. Whereas NEST is subject to strict price regulations, no new requirements were introduced for the other schemes (although the government included “reserve powers” in the 2008 Pensions Act to impose additional quality requirements to private schemes should it not achieve its objectives). Hence the new situation was characterised by a heavily regulated semi-public scheme for low-income households, combined with relatively unregulated private pension provision for higher incomes.

From early onwards these unregulated private schemes have been accused of sustaining high and hidden charges. Both experts and media tried to raise public awareness of this problem (see for example the reports by the RSA 2009, 2010; as well as a series of

articles - published by the Daily Mail between 2009 and 2010 - declaring a “war on hidden charges”). To deal with such criticism and to encourage savings, pension industry associations took several initiatives aimed at “dispelling fears of hidden costs” (quote by Saunders, chief executive of the Investment Management Association; Financial Times 2012a). The main strategy of the industry was to focus on ‘improving transparency’ – this of course on the basis of its own terms in the form of voluntary codes and guidelines. Following a special summit in 2011 on “Making Pension Charges Clearer”, NAPF and ABI (the associations representing pension funds and insurers) prepared a “Joint Industry Code of Conduct” on improving transparency that was published in November 2012 (NAPF 2011; NAPF and ABI 2012). Around the same time, the Investment Management Association published a document titled “Enhanced disclosure of fund charges and costs” (IMA 2012b). While these industry efforts could seem surprising given their earlier combative stance, they should not be mistaken for a straightforward confession. Both ABI and IMA repeatedly argued that schemes charging excessive fees are increasingly rare (The Independent 2011; IMA 2012a; Financial Times 2012b). According to the industry, the real problem is that “a growing perception of high charges, hidden fees and complex charging structures is leading to a “loss of trust” and is deterring individuals from saving for retirement” (quote by Otto Thoresen, director-general of the ABI; Financial Times 2011, 2012a).

By taking the lead in ‘clearing out its own house’ through self-regulation, the pension industry explicitly aimed at pre-empting concrete regulatory interventions. As Joanne Segars, head of NAPF, puts it: “We know we have to get our own house in order; otherwise, Government and the regulators will do it for us. We recognise that and we recognise the need to move quickly.” (House of Commons Work and Pensions Committee 2012, ev34). The pre-emptive strategy of the industry seemed to work very well. The government explicitly welcomed industry efforts to “sort its own house out” as being far better “than the Government trying to be over-prescriptive” (Steve Webb, then Pensions Minister; House of

Commons 2011, Column 126WH). By the end of 2011, both government and industry seemed to settle on self-regulation as the preferred approach to deal with the issue of high charges. Steve Webb declined requests for intervention as late as early 2013 (Work and Pensions Committee 2013, 91).

So why did the coalition government eventually decide to employ ‘hard regulations’ to intervene in the pensions sector? This is not self-evident, given its reluctance and keeping in mind that, only a few years earlier, even a left-of-centre government that was predisposed to stick to its regulatory guns eventually backed down to industry demands. To explain this regulatory shift, I argue that government officials were driven by the concern that taking no action against high charges would undermine its renewed strategy to promote private savings.

The lack of public trust in private pensions has long been considered a key element of the problem of low savings as it is “holding back a wider retirement savings culture” (Brandon Lewis (Conservatives); House of Commons 2011, Column 108WH). While auto-enrolment is designed as a way around this problem, legislators from all sides of the political spectrum feared that the possibility of people being steered into bad schemes would further deteriorate trust in private pensions and result in wide-scale opt-outs. Gregg McClymont (Labour) argued that: “If we permit confidence to be damaged, because auto-enrolment does not succeed, many people could opt out, which would jeopardise auto-enrolment.” (House of Commons 2011, Column 122WH). Or in the words of Lord Freud (Conservatives): “we must restore public faith in the concept of pension saving and, behind this, pension charges are key” (House of Lords 2012, Column 1641). Even if people remain in bad-value schemes, both Labour and Conservative legislators feared this could lay the basis for a future mis-selling scandal: “No members of the Committee, and especially the Minister, would want a situation in which pensions are mis-sold. Often, however, mis-selling takes many years to come to light. Bearing in mind the resistance that business has to further regulation, will the

Minister assure the Committee that there will be sufficient regulation to ensure that inappropriate pensions are not sold in the first place, rather than regulations being introduced after the event?” (Teresa Pearce (Labour); House of Lords 2011, Column 254); or David Mowat (Conservatives): “I fear that unless those measures are adopted, auto-enrolment will compound a failure that could easily become our next mis-selling scandal.” (House of Commons 2012, Column 847). In conclusion, legislators from both sides of the aisle were concerned about the prospect of auto-enrolment being derailed by the possibility that people are pushed in bad-value schemes.

In order to support the argument that concerns regarding the consequences of high charges for the viability of auto-enrolment are shared across parties, rather than driven by partisan competition, I examined the ‘partisan origin’ of such expressed concerns. To do so I used the Hansard search module to identify all debates in the House of Commons and House of Lords during which pension charges were discussed; this for the 18 months between publishing the 2011 Pensions Act and the first debates on the next Pensions Bill.²¹ Within this long list, there were 13 separate debates where such parliamentary requests for additional government action were expressed (see Table 6). These requests ranged from enquiring into how the government plans to deal with the issue of high charges, to outright urging the government to ‘not wait and see’ and exercise its regulatory power to cap charges. I find that almost *half* of the requests during those 13 debates were proposed by MPs or Lords from governing parties (Conservatives or Liberal Democrats). Within a total of 29 separate requests (i.e. excluding multiple requests of one person in one debate), 14 requests were made by Conservatives or Lib Dems, and only 11 requests by a member of Labour.²² While some legislators made several requests during different meetings, the results are not driven by a small set of persons (for example by one or two Conservatives making all 10 requests).

²¹ To identify a long list of results I used the following query within the Hansard search module: (“charges” AND “pensions” – between 3/11/2011 and 9 May 2013). Included are debates as well as oral and written questions within both the House of Commons and the House of Lords.

²² The other 4 requests were from DUP (2), an independent Lord and a cross-bencher.

	Con	Lib Dem	Lab	Other
Nr of separate requests (one count per session) ²³	10	4	11	4 ²⁴
Nr of different persons	5	3	9	4

Table 6 Breakdown of requests for intervention to address charges per party (total of 13 oral or written debates in the period between 3 November 2011 and 9 May 2013)

Despite its long-standing reluctance to use regulatory intervention, the Department for Work and Pensions (DWP) came to acknowledge over the course of 2013 that these are not abstract concerns. In the spring of 2013, the DWP was finalising its proposals on how to deal with the surge of ‘small pension pots’. Every time workers move between jobs, they leave behind a relatively small amount of savings with their old employer – an unintended but very expensive consequence of auto-enrolment. The government sought to solve this problem by automatically transferring peoples’ older funds into their most recent scheme (unless the worker decides differently). Yet the widespread occurrence of bad-value schemes meant that in many occasions the government would be actively moving peoples’ lifetime savings from a good scheme into a bad value scheme. So when the Office for Fair Trading published a damning report in the summer of 2013, arguing that “competition alone cannot be relied upon to drive value for money for all savers in the DC workplace pension market” (OFT 2013, 14), Steve Webb eventually conceded and proposed a series of strict regulations aimed at preventing the worst outcomes for savers – including the charge cap on default schemes (i.e. higher charges are allowed as long as the saver makes an active decision to join a more expensive scheme). This rationale can be illustrated by this extended quote by Steve Webb while defending his policy decision in the House of Commons:

“There is an issue of what happens if money is automatically transferred from a “good” scheme to a “bad” scheme, and I accept that point. That is why we are

²³ I have counted one question per person per session. This means, for example, that three questions from different persons of one party are all included; but three questions of one person in one session gets counted as one.

²⁴ Two MPs from DUP; 1 Cross-bencher; 1 Independent

regulating for scheme quality. It should not just be a worry that someone's small pension pot gets auto-transferred to a bad scheme; it should be a worry that an entire work force have been auto-enrolled into a bad scheme. We should not have bad schemes and must deal with that. That is why we are tackling pension scheme quality, which includes a range of issues such as governance, investment, costs and charges.” (Steve Webb (Liberal-Democrats); House of Commons 2013, Column 772)

In other words, the main driver behind regulatory intervention was the concern that bad-value schemes would be detrimental for establishing trust in auto-enrolment and thereby undermine the long-term success of their strategy to expand private savings.

One could object that this focus on auto-enrolment for explaining intensifying state intervention reflects a selection bias, resulting from relying only on public legislators' statements. For example, they could use auto-enrolment to publicly justify their decisions, even if it is not an actual concern. Based on information derived from interviews with non-state stakeholders who were closely involved with these negotiations, I argue that this is not the case. When asked for their account of the regulatory shift, all stakeholders stressed the complexity of this development²⁵ but included a clear reference to auto-enrolment; this in formulations that are compatible with the proposed explanation. For example, Andy Agathangelou (Transparency Task Force) mentioned that auto-enrolment “acted as a catalyst; it made it necessary for providers to deliver value for money. If they won't going to deliver value for money, then there was no basis for the government for actually make people join the auto-enrolment process”; so the government “effectively becomes a proxy consumer and therefore suddenly has a focus on costs and charges which requires a drive for value for money.”. Another example would be the response of David Pitt-Watson ('Tomorrow's Investor' project leader) when asked whether he thinks electoral considerations played a role

²⁵ Stakeholders argued that the regulatory shift should be seen as part of a complex dynamic that involves a wide range of factors; including enlightened thinking by some politicians and people in the field and an atmosphere of cross-party agreement on these issues, to persistent campaigning by both experts and activists and the broader background debate on the merits of active versus passive asset management.

in driving the reform measures: “Of course politicians think about getting re-elected, but the reason why they want to be politicians is because they want to do good in the world. And I think Webb in particular but the House more generally was convinced that if you were going to use auto-enrolment then you don’t want it to be possible for you to do that without losing more than 20% of your pension in fees.”. These quotes confirm rather than challenge the argument that concerns regarding auto-enrolment played a key role in shaping the 2014 decision.

5. Alternative explanations and why they do not hold up

In the previous section I argued that the regulatory shift in the UK resulted from a different assessment by policymakers on how to best promote their own interests. But why accept this argument, rather than more readily available explanations? The most obvious alternative is that the financial crisis triggered public outcry and electoral pressure on politicians to act more forcefully against the financial sector. This pressure on legislators eventually convinced the DWP to intervene, with the pension industry in a weakened position to object to these new rules. This section investigates whether the regulatory shift can be explained respectively by shifts in political salience, or by shifts in organised interest mobilisation. I conclude that none of these shifts was sufficiently significant to explain the difference in regulatory outcome.

5.1 The role of electoral considerations

The first alternative explanation for the shift in regulatory decisions is an increase in political salience. Voters who did not care about hidden and excessive pension charges in the past might care nowadays, this in response to the financial crisis or given the higher prominence of private pensions following auto-enrolment. This implies at the very least that voters are aware of the issue of high pension cost (let alone that they are mobilised). However, all evidence strongly suggests that political salience was low and remains so today. Several surveys show that most people are simply not aware of pension costs or their size; this applies to individual scheme members (OFT 2013; YouGov and B&CE 2015) as well as the employers who have to select schemes for their workers (Wood, Wintersgill, and Baker 2012; DWP 2014). In fact, a widely shared analysis of the problem is precisely that high charges persist because there is a serious lack of public awareness of these charges (Harrison, Blake, and Dowd 2012; Pitt-Watson and Mann 2012; OFT 2013; FSCP 2014).

One could object that even if people are not aware of this specific issue, there certainly is a less articulated anger against the financial sector. Regulatory interventions in this area could be a political initiative to show voters that the government is taking tough action against the financial sector, this with the intention to reap electoral benefits. If that is the case, we should at the very least find indications that parties showcase their efforts during the subsequent general election. Nonetheless, this expectation is not supported by empirical analysis of party manifestos and press coverage in the run-up to the general election in May 2015. A review of written press coverage²⁶ for the 6 months preceding the election reveals that the issue of regulating private pensions was barely mentioned in the run-up to the election (in fact, the rare explicit reference was not made by a government party but by Labour – promising to protect savers against rip-off charges and potential mis-selling; see MailOnline 2015). Also during the main televised debates, nobody came close to claiming credit for standing up against the pension industry (or even touching on this topic).²⁷ A review of the party manifestos confirms this result – both Labour and Lib Dem included just a short reference on the need to ensure that private pensions are good value, while the Conservatives did not mention it at all (The Labour Party 2015, 49; Liberal Democrats 2015, 49; The Conservative Party 2015). This review confirms the argument that private pension regulation is not politically salient throughout the whole period under consideration. So in conclusion, there is no evidence that either Labour or the governing parties sought to politicise this issue for reasons of electoral gain.

5.2 *The role of organised interest groups*

Another possible reason why regulatory intervention succeeded in 2014, is that the pension industry was no longer able to resist mounting pressure by those advocating for more transparency. We could indeed expect that the financial crisis has harmed the legitimacy of

²⁶ This review is based on the 1910 results rendered by NEXIS search within UK publications (query: Private AND Pensions AND Charges; period between 1 Nov 2014 and 7 May 2015).

²⁷ Based on transcripts of the British Party Leaders' Election Debate (ITV, 2 April 2015), the Opposition Parties Election Debate (BBC1, 16 April 2015) and press reportings of debates.

the financial service sector, reducing its ability to block regulations. However, this explanation cannot account for the timing of the reform shift towards ‘hard’ regulatory intervention. If the financial crisis deteriorated the legitimacy of the financial sector, this reduced influence must have been apparent well before 2013. Yet as indicated in the previous section, the regulatory preferences of the DWP and the pensions industry were well-aligned until early 2013. Until that point, the government made clear that it fully supports the softer approach based on ‘self-regulation’ that was actively promoted by the industry (see for example the joint effort by IMA, ABI, SPC and NAPF that resulted in a “Joint Industry Code of Conduct”; NAPF 2012). Daniel Godfrey – who was leading the IMA at that point – confirmed that the approach by the government at that time was well-aligned with the IMA strategy (Interview with Daniel Godfrey). At the same time, transparency advocates recall that their demands were more or less ignored for several years (Interviews with Andy Agathangelou and David Pitt-Watson). In order to account for declining industry influence during the period preceding the 2013 regulatory U-turn, one could argue that mounting intra-industry differences made it increasingly difficult for the sector to speak with a single voice to combat the price cap. For example, some firms that pursue low-cost business strategies (such as passive asset management) welcomed the price cap because it could give them a competitive edge relative to more expensive firms. While fascinating, such intra-industry conflicts did not seem to affect the resolve of industry associations to combat the price cap. Daniel Godfrey stressed that he opposed the price cap, and that members that favoured the cap did not influence this overall industry position (interview with Daniel Godfrey). This strong opposition is reflected in the responses by the IMA and ABI to the 2013 consultation by the DWP (IMA 2013; ABI 2013). Given that there are no further indications for a sudden demise in the organisational strength of the pension industry in the first half of 2013, we need to look beyond industry influence to account for the regulatory shift.

Increasing pressure by pro-regulation groups could be a better explanation for the shift towards ‘hard’ regulations in 2013. However, if it is correct that state interventions were designed as a concession to mounting pressure by pro-transparency interest groups, then we should expect that the content of reforms reflects the content of their demands. The problem for this hypothesis is that this expectation does not apply to the central and most contentious part of the reform package, namely the price cap. Given that the price cap is the element that was most forcefully opposed, it is the intervention where we would *least* expect the government to introduce it without strong external pressure. Yet in that period there was no consensus regarding the appropriateness of the price cap among experts and consumer associations, let alone a concerted push to force the government to adopt this measure against strong resistance by the pensions industry. For example, only one of the consumer advocates invited to the Work and Pensions Committee evidence session in January 2013 univocally defended the introduction of the charge cap; all others were reluctant to recommend this measure to the Committee members (personal communication with Dominic Lindley; confirmed in official minutes - see Work and Pensions Committee 2013, 64). Also the influential report by the Office for Fair Trading did not recommend the introduction of a price cap (OFT 2013). Much of their reluctance can be explained by the worry that the imposition of a cap could encourage some providers to raise their charges towards that figure, resulting in higher charges overall. In order to understand why the DWP still introduced the price cap, despite the lack of strong pressure, it is worth including a longer quote by Daniel Godfrey, who headed the Investment Management Association at that time. He recalls a personal meeting with Steve Webb, justifying his decision:

“[Steve Webb] said: ‘I understand in a theoretical world, that obviously that [i.e. the industry-led governance code] would be preferable. But I’m responsible for 40.000 schemes and no matter how good your governance code is, that doesn’t give me comfort that all 40.000 schemes will become well-governed. And so the easiest way I can make sure that they at least don’t do too much harm is to bring in the charge cap.’ So I think that was the reason; the killer argument for the government, was I suppose

the difficulty of policing the governance which in theory would have been a better solution.” (Interview with Daniel Godfrey).

The key point here is that the reform package was not simply a concession to external pressure. Organised interest groups certainly facilitated reforms by providing evidence regarding the prominence and impact of bad value schemes. Yet the timing and content of reform proposals strongly suggest that such influence got traction because it aligned with the governments’ broader concerns regarding the viability of auto-enrolment.

6. Conclusions

This paper focused on conflicts between the commercial interests of private pension providers and the social interests of households who increasingly depend on such financial products for old age income security. How can we explain the prevalence of regulatory interventions that go against concentrated, financial interests in order to promote broader, social objectives? Whereas traditional accounts explain such interventions as a response to electoral pressure or mobilisation by organised interest groups, this paper argues that governments play an autonomous role in shaping private pension markets. Policymakers have their own stake in promoting the long-term viability of private welfare, this in order to avoid re-emerging pressure on public provision. Hence in order to explain variation in state intervention in financial welfare markets, we have to focus more on policymakers and how they assess such interventions in the light of their own objectives. Studying the recent shift towards stricter regulations in the UK as a least-likely case of regulatory interventions that go against financial interests to promote social objectives provided empirical support to this argument.

While the shift towards stricter regulation in the UK was selected as a hard case, it reflects a much wider trend of government initiatives aimed at reducing the cost of private pension provision (for an overview, see Sier 2016). In line with the expectation of this paper, this broader shift does not seem to be driven by angry voters, but by the growing concern that private pensions will end up in trouble in the longer run if unadjusted. Interestingly, this also applies to countries where social partners and non-profit pension funds dominate private pension provision. The Netherlands provides a telling example. Responding to pressure by the Dutch financial markets regulator (Autoriteit Financiële Markten), legislators threatened social partners in 2011 with legal intervention if their collective pension funds failed to take action to reduce costs and improve transparency regarding their members (AFM 2011; De Telegraaf 2010b; Het Financieele Dagblad 2011). Despite initial resistance, funds managed to

reduce costs significantly through restructuring and renegotiating contracts with commercial providers (AFM 2015; Sier 2016).

The proposed state-centric approach has at least three wider implications for analysing the dynamics of government intervention in financial welfare markets. First of all, it suggests that policymakers currently fear dispirited voters more than angry voters. While angry voters care about improving private pensions, most households who do not trust financial welfare simply do not participate in private schemes. Non-participation in private pensions when public provision is curtailed creates a huge problem for policymakers; failure to prevent sharp drops in living standards is most likely to result in uncontrolled demands on the public system in the long run (Pensions Commission 2004, 170). To avoid ever greater compulsion (which carries its own political risk; Mabbett 2012), policymakers have to build up public trust in the value of private pensions (Taylor-Gooby 2005; Vickerstaff et al. 2012). Secondly, the argument requires us to think more nuanced about the role of the crisis in explaining the recent surge in state intervention in private pension markets. Rather than triggering a public outcry that elicits response from policymakers, the financial crisis and subsequent low-interest environment push policymakers into action because lower returns intensifies the already existing challenge to make private pensions viable. Finally, the proposed analytical approach suggests that more attention should go to the on-going negotiations between legislators and the pension industry. While there is the need to improve the social viability of private welfare provision, this certainly does not mean that legislators will consistently go against industry interests. Because governments rely on the cooperation of financial welfare providers, there are clear limits to its ability to enforce regulations on these firms. Private providers, on the other hand, also tend to depend on the state for their commercial success; mainly because they generally benefit handsomely from state measures aimed at encouraging participation in private schemes (e.g. fiscal incentives). Therefore this

paper expects that all regulatory outcomes will eventually reflect a negotiated balance between commercial viability on the one hand, and social-political viability on the other.

CONCLUSION

THE ‘PRIVATE SOLUTION’ AS A NEGOTIATED OUTCOME

This thesis has analysed the shift towards intensifying state intervention in the organisation of private pension provision, this against the background of attempts to contain levels of public provision. Explaining this dual reform dynamic is important to understand the broader developments of state involvement in the organisation of social protection. It challenges those who argue that the welfare state is shifting away from its traditional role in promoting social protection, or even disengaging from social responsibilities altogether. Building on existing work that shows how states remain involved in the organisation of social protection, this thesis aims to explain what drives governments to engage in – or abstain from – interventions that restrict the discretion of non-state actors in the private sphere.

Each of the three papers that constitute the thesis focussed on a different aspect of this broader research question, investigating this broad reform dynamic from different angles. The first paper evaluated whether and how interventions in private pension provision have to be understood in relation to reform dynamics within the public sphere; this on basis of examining the incremental shift away from organising non-state pension provision on basis of voluntarism in the UK and Germany since the 1990s. The paper argued that public and private reforms are subject to different political-economic struggles that involve different interests, yet showed that they cannot be understood in isolation from each other. The second paper explained diverging experiences with collective risk-sharing arrangements in Denmark and the Netherlands throughout the financial crises in the 2000s. It argued that this difference

can be best explained on basis of the regulatory structure that underpins social partner coordination by constraining their discretion, rather than focusing on the agency of social partners as such. The third paper focused on explaining regulatory decisions in cases where commercial objectives of financial actors clash with social concerns. Examining the shift in the UK towards stricter regulation of the financial sector since the 2000s, this paper shows how the state plays an autonomous role; countering the argument that state intervention is after all shaped by pressure from voters or organised interest groups, including the financial sector.

In this concluding chapter I discuss the findings of the three papers and how they contribute to the overall argument. The discussion of the main conclusions is structured on basis of three overarching themes which I briefly introduce below.

The first theme focuses on the central role of the state in explaining private welfare reforms. Even when governments succeed in reducing direct fiscal commitments by limiting public pension promises, they face the challenge of ensuring adequate protection through the pension system *as a whole* – so public and private provision combined. Inability to achieve sufficient pension adequacy through private provision risks generating political instability, which could result in re-emerging pressure on public provision. This means that reducing public provision does not simply discharge governments from the need to organise social protection, but shifts the arena from public to private provision. Insofar as relying on voluntarism to organise private provision does not result in overall security that is politically stable, governments have replaced direct fiscal commitments with contingent liabilities. Accordingly, this thesis argues that the state's objective to avoid re-emerging pressure on public provision plays an important role in explaining intensifying social interventions in the organisation of private pension provision.

The second theme focuses on the sustained negotiations between states and non-state actors, shaping regulatory interventions in private pension provision. This thesis argues that taking into account the interests of these non-state actors regarding the organisation of private pensions is important to explain both the timing and content of reform decisions. In particular, this thesis shows that financial pension providers play a crucial role in convincing reluctant governments to engage in costly regulations to improve the social characteristics of private pension provision. Even though they have clear commercial objectives, financial actors push for social interventions by appealing to the state's own concern regarding social instability that arises from insufficient coverage and adequacy. Apart from financial actors, social partners also have a stake in the organisation of private pension provision for reasons other than social protection (e.g. collective bargaining or competitiveness). Even though this thesis finds that social partners do not drive regulatory intervention, they do shape the content of regulations by resisting or facilitating social interventions depending on whether they align with their own objectives. This thesis argues that these political-economic struggles regarding the organisation of private pensions help explaining when and how state interventions in private provision materialise.

The third theme focuses on the importance of trust for achieving stability of the overall pension system. In order to expand coverage and adequacy, states require participation of households and cooperation by non-state actors. Yet widespread participation depends arguably on sufficient level of public trust in private pension provision. This perspective provides additional and more specific insights into what drives state intervention in private pension provision. On the one hand, certain regulatory interventions aim at circumventing trust by reducing discretion of non-state actors (e.g. auto-enrolment). On the other hand, several cases of regulatory intervention can be explained as efforts to promote trust rather than circumvent it; this in order to avoid the need to rely on increasing levels of compulsion. Throughout the three papers, we can recognise several instances where this general insight

regarding the importance of trust materialises in a concrete challenge. This does not only apply to challenges regarding sustaining household participation in private pensions (e.g. as result of possible disappointments with auto-enrolment, or in light of the decreasing security of private pension schemes); also getting and keeping social partners involved in organising widespread occupational provision requires trust among these actors.

Following the discussion of these conclusions in the first section, the next section reflects on this thesis contributes to three major debates that go beyond the organisation of private pension provision. These broader debates relate to the relationship between states and markets, the conceptualization of the welfare state, and financialization. Finally I discuss limitations of this thesis as well as potential avenues for further research.

1. Overall conclusions of the thesis

1.1 Theme I A state-centric explanation of private welfare reforms

In what follows I draw on the findings of the three papers to elaborate on the main argument of this thesis, namely that states play an important role in explaining the dynamic of intensifying interventions in private pension provision. A key feature of this broad shift towards increasing state involvement in the organisation of private pensions is that it developed in a gradual manner, rather than in one sweeping reform. The first paper showed how both the German and British government shifted over the course of more than a decade from an initial strategy that was still broadly based on voluntarism, towards a strategy that included more explicit elements of compulsion. The third paper zoomed in on the gradual shift towards stricter regulations of the financial sector in the UK. Even in the case of the Netherlands, where governments already played a significant role in shaping occupational provision, the second paper showed a step-wise increase in state efforts to redirect the decisions made by social partners. In order to explain this gradual shift towards intensifying state intervention, this thesis showed how governments are compelled to intervene to prevent re-emerging pressure on public provision by preserving the political stability of the overall pension system.

Before looking at what compels states to intervene, it is necessary to explain why governments found themselves reluctant to intervene in the first place. Such reluctance is not self-evident, this because these interventions entail clear social improvements in terms of promoting coverage and adequacy. Social regulation of private pension provision can and has been represented as a politically attractive alternative to expensive public provision on the one hand, and the socially unappealing reliance on voluntarism to organise private pensions on the other. Indeed, the first paper showed how the first interventions in private pensions by both the Schröder and Blair governments displayed outspoken enthusiasm regarding the

possibilities of this approach. Both governments were convinced that relatively light-handed interventions in private provision could result in boosting the overall participation in private pensions; this to compensate for lacking public provision. The idea was that private pension products could be made more appealing to lower-income households through a combination of fiscal incentives and social regulations (e.g. to keep prices low); in the UK this was attempted through Stakeholder Pensions, in Germany through the *Riester Rente*. This ‘private solution’ proved particularly appealing to Social-Democrats in the 1990s – the prospect of showcasing financial responsibility without abandoning their social policy credentials fitted perfectly within their ideas on the Third Way. Another reason why governments were lured to this policy option has to do with the conviction at that time that financial returns on funded pensions easily outperform those of un-funded schemes; an idea encouraged by booming markets, the financial industry and international organisations. In conclusion, rather than being reluctant, these governments were initially enthusiast in pursuing a strategy of compensating for low or declining public provision through promoting private savings.

Reluctance emerged when the initial range of regulated products failed to meet their optimistic promises. Disappointment regarding the voluntaristic strategy did certainly not result in a decision to expand public provision instead, nor did it result in abandoning the goal of promoting private savings. Yet at the same time both governments proved hesitant to engage in new interventions in the private sphere. Each of the alternative strategies that were on the table had aspects that proved quite unappealing. First of all, the financial sector heavily promoted the idea of shifting towards mandatory private pension contributions; yet governments were disinclined to divert from voluntarism because they feared this would be considered as an additional tax. However, proceeding with the initial strategy of making private pensions more attractive to low-income households through tax incentives and regulation also had reached its limitations. The financial sector strongly resisted new regulations and even managed to dilute existing ones (both in Germany and the UK financial

actors attributed the failure of these products to too stringent regulations). At the same time, both governments were reluctant to further boost tax incentives – wary of rapidly rising expenditure levels. In conclusion, despite the attractive prospect of promoting social outcomes in private provision, governments often find themselves reluctant when confronted with the costs of social interventions.

What compelled governments to overcome their reluctance to intensify intervention in private pension provision? Each of the three papers provided evidence to support the general argument that, despite their reluctance, governments were ultimately compelled to intervene in order to promote its own objective: namely to prevent exposure to fiscal pressures in the long run, this when demands on public provision re-emerge because overall pension provision is considered inadequate. Both in Germany and the UK this concern was expressed in the idea of the ‘savings gap’ between what people expect to receive and what they are likely to receive given current arrangements. Even after the German government quietly abandoned its initial explicit promise (*Gesamtversorgungsniveau*), the implicit promise still lingered. But interestingly the same notion was prevalent in the UK, where the government never made such promises. Also in the Netherlands, where social partners are those in the front line in terms of accountability for occupational pensions, the state was concerned that deterioration of occupational pensions would result in new demands on public provision. This thesis borrows the concept of ‘contingent liabilities’ to capture the feature that – unlike direct fiscal liabilities – these liabilities only appear in the governments’ books when they materialise. However, existing references to contingent liabilities are often limited to situations where the state opens itself up to accountability by its ‘heavy hand’ in interfering in private provision (Polackova 1998; Mabbett 2012). Instead, my research suggests that also refraining from such interventions could result in contingent liabilities, given the expectation that governments can be held politically accountable when overall adequacy is considered inadequate.

The three papers also revealed the limitations of alternative approaches that explain state interventions as a response to external pressure. First of all, even though unions are often considered to be key drivers of social interventions (Bonoli and Palier 2007; Trampusch 2009), the first two papers showed that unions acted more like an interest group that had to be appeased before accepting these new regulations (this will be discussed more in depth in the next section). Even though unions and consumer groups did promote stricter regulations against the financial sector, paper three made clear that it is not their activity that can explain the regulatory shift in the UK. Secondly, regulatory interventions have been explained as result of partisan strategies to seek electoral gain by shaping private pensions in the interest of their electorate (Gingrich 2011; Hacker 2002). Yet this cannot explain why very different governments largely preserved the reform strategy of their predecessor after winning elections (this in Germany, the UK and the Netherlands). Finally, some argue that financial actors managed to convince governments to intervene in order to promote financial market development (Naczyk and Palier 2015). This thesis does find that financial actors played an important role in convincing reluctant governments to intervene (see next section). Yet paper three showed that interventions do not simply reflect financial interests. More generally, this thesis showed that financial actors manage to influence governments insofar as they can play into the state's own concerns regarding re-emerging pressure on public provision.

1.2 Theme II Private welfare provision as a negotiated outcome

The main argument is that governments mainly intervene to promote their own objectives, rather than in direct response to external pressure; yet this does not mean that states make these intervention decisions in isolation. In this section I discuss the main conclusions regarding the argument that explaining the timing and content of state interventions requires taking non-state actors into account. Recognising the scope for influence by non-state actors could be interpreted as a concession to those theoretical frameworks that focus on external pressure to explain state intervention (especially in light of the dominance regarding ruling classes often attributed to the state in more traditional state-centric literature; see for example Trimberger 1978). Nonetheless, this thesis sustains that integrating non-state actor influence qualifies rather than undermines the state-centric approach – this because the extent of non-state actor influence is ultimately dependent on whether it aligns with the state’s own objectives or not.

This thesis acknowledged at least two reasons why there is scope for influence by non-state actors. First of all, policymakers have discretion in making intervention decisions – this because it is generally not straightforward whether further intervention is required in order to promote long-term stability or which interventions are most appropriate. This generates opportunities for non-state actors to shape the assessment of policymakers as to whether intervention is necessary or which interventions are most appropriate. A key example is the ability of the financial sector in Germany and the UK to instigate reform pressure by convincing governments that the present rules are likely to result in inadequate provision. Secondly, since governments rely on the cooperation by financial actors and social partners to expand private pension provision to the wider population, these non-state actors can use this dependency to generate leverage during negotiations about interventions driven by the state (this is most clear when social partners hold back initiatives to expand occupational welfare).

So what does this thesis conclude regarding the influence of non-state actors on shaping the timing and content of interventions in private provision?

One of the key conclusions is the argument that financial actors, rather than social partners, are the main drivers of social interventions in private pension provision. This could be most directly observed in the discussion in the first paper of reform developments within Germany and the UK. Not only did social partners hamper the initial proposals by Blair and Schröder for social interventions in the private sphere; also later onwards they presented themselves reluctant rather than enthusiast regarding new social interventions in private provision. During those periods when both governments proved reluctant to intensify regulatory interventions (see above), it was financial actors who played a key role in convincing governments to expand fiscal incentives or shift in the direction of mandatory contributions (e.g. ‘Association of British Insurers’ in the UK, the ‘Arbeitsgemeinschaft für betriebliche Altersversorgung’ in Germany). Pressure by financial actors therefore helps to explain the timing of interventions, especially in cases where we could otherwise expect less urgency in government decisions (given their reluctance and the absence of immediate electoral benefits or pressure by social partners).

Interestingly, the papers revealed that financial actors formulated their arguments in terms of concerns regarding social adequacy – especially pointing at the gap between what people expect to receive and what they will receive under the status quo. This challenges those who analyse financial actors as opponents of social interests (Naczyk 2013). Instead it illustrates a pattern – proposed by Trumbull (2012) – where a smaller group with specific interests (i.e. the financial sector with commercial interest) try to influence policymakers by exploiting the coalescence with interests shared by a more numerous group that is not yet mobilised (i.e. social adequacy).

Furthermore, these findings challenge those who argue that social partners are the key actors in driving social protection within private pension provision (Johnston, Kornelakis, and d’Acri 2011; Trampusch 2009; Wiß 2015b). Given the central role of social partners in setting up and managing occupational schemes (Ebbinghaus 2010), the ability and willingness to cooperate through collective bargaining is often considered the main factor in explaining private social protection that compensates for state retrenchment (Trampusch 2009; a similar case has been made for occupational family policies; see Seeleib-Kaiser and Fleckenstein 2009). Yet examining Denmark and the Netherlands (second paper) showed that even when social partners are mobilised and willing to organise social protection through collective risk-sharing, they require state support in the form of a stable regulatory framework in order to overcome distributional conflicts. Moreover, despite recognising that the current framework was impaired, Dutch social partners still resisted efforts to reform the system.

In order to explain why social partners were often reluctant to support social interventions in the private sphere (let alone driving them), this thesis proposed to look at whether these interventions are aligned with other non-social objectives by non-state actors. Just as expanding coverage and adequacy often tends to align well with commercial objectives of financial pension providers, these initiatives also happen to clash with several valid interests by social partners (particularly when these interventions limit their discretion; see the taxonomy of state interventions presented in the introduction). For example, employers in Germany and the UK were concerned about the effects of higher contributions on competitiveness; but also unions proved reluctant to push their members to divert an increasing part of their wage to private pension schemes (doing so exposes unions to criticism by members, especially when these schemes are risky). The resistance by German unions to the idea that the reformed occupational pensions would also benefit workers that are not covered by collective labour agreements furthermore illustrates the broader insight that unions often seek to preserve benefits for existing members, rather than expanding coverage

to non-members (Hassel 2014; for a more critical assessment, see Durazzi, Fleckenstein, and Lee 2018). On the other hand, the presence of non-social objectives can also help to convince unions to accept interventions it initially opposed; for example when German unions dropped resistance against expanding private provision after Riestler redesigned the proposal in a way that would strengthen their hand at collective negotiations (combined with a significant amount of subsidies). So in conclusion, even if social partners did not drive interventions, governments still sought their cooperation to expand coverage which allowed social partners to shape interventions. The feasibility of regulations that promote coverage and adequacy therefore increases when negotiators manage to design them so they promote non-social interests (e.g. collective bargaining strength) while avoiding hampering other valid objectives (e.g. competitiveness; collective bargaining autonomy).

Even though financial actors play a key role in driving social interventions, this does not mean that governments always follow the lead of financial actors. First of all, this thesis shows that governments are often hesitant or evasive in responding to the suggestions made by finance to promote private savings. For example, in the UK the government long resisted the insistence by financial actors on improving basic state pensions; as well as their suggestions to introduce mandatory pensions. This suggests that governments engage in assessing whether the concerns triggered by finance are justified or exaggerated. For example, the British government followed up on ABI pressure regarding the saving gap by carrying out its own estimations of under-saving in the UK (Ruth Kelly, then financial secretary at the Treasury, expressed “scepticism” regarding the numbers quoted by ABI, while recognising that the problem is indeed serious) (Select Committee on Treasury 2004a). More importantly, the third paper showed that in cases where social and commercial interests are not aligned, governments are prepared to pursue regulations that go against financial interests. Despite the non-commercial character of Dutch pension funds, a similar dynamic took place when the government insisted on change in pension fund practice against resistance by these funds.

Such cases of potential conflict between social and commercial interests reveal a rather complex relationship between states and markets. This relationship is built on mutual reliance – both actors depend on each other to pursue their own objectives. Because the government relies on the cooperation of financial welfare providers to provide the saving vehicles for widespread private pension provision, there are clear limits to its ability to enforce social regulations on pension providers. Financial welfare providers, on the other hand, also tend to depend on the state for their commercial success; mainly because they generally benefit handsomely from state measures aimed at encouraging participation in private schemes (e.g. fiscal incentives). As a result of this mutual dependence, neither finance nor governments should be expected to have the upper-hand in terms of shaping regulatory interventions in their interests. Given this perspective, the third paper represents a case of sustained negotiations between states and finance; centred around their attempts to balance commercial viability on the one hand, and social-political viability on the other. If governments are too forcefully in imposing social regulations on financial actors, they will bail out. For example, financial providers argued that strict social regulations of Stakeholder Pensions makes providing them commercially unviable – this because selling those products to low-income households is too much effort for too little return. Instead the government has decided to step in by introducing auto-enrolment (to reduce the cost of selling) and initiating a publicly organised scheme (NEST) to provide for the least commercially attractive households. Conversely, if financial actors are perceived to be incapable of supporting widespread social provision, governments will question the generous tax incentives they put into those schemes. So when high charges were perceived as a threat to the social viability of the auto-enrolment strategy, the government initiated a regulatory shift that is still changing the face of the asset management industry (see for example the repercussions of these rules for the active-passive investment debate).

So in conclusion, non-state actors do not only promote social interventions but also constitute limitations to what is feasible in terms of improving social outcomes through regulating private pensions. This is particularly the case for covering households that are commercially less interesting. This thesis suggests that regulatory outcomes will reflect sustained negotiations between states and the financial sector, this regarding the extent to which the state needs to step in through fiscal and regulatory incentives in order to get the financial sector on board to facilitate widespread coverage. But this conclusion regarding the negotiated character applies to all non-state actors whose cooperation is required – including the need to take into account the potential negative effect of social interventions on valid interests by social partners.

1.3 Theme III Achieving stability through trust

A third theme that emerges from the three papers, is the importance of trust in order to achieve widespread coverage and adequacy. This thesis argued that governments that aim to reduce or contain public pension promises have a stake in promoting private pension savings; this because voluntarism is expected to result in insufficient levels of overall pension adequacy which could result in re-emerging pressure on public provision. Interventions aimed at promoting private coverage and adequacy do not happen in isolation; timing and content of these interventions are shaped by negotiations with non-state actors that also have a stake in these interventions and whose cooperation is required. This section looks at the challenge of achieving cooperation and participation in organising private pension provision from the perspective of trust. Each paper showed how governments face the challenge to foster trust in order to ensure the participation of both households and non-state actors in organising widespread private pensions. This aligns with findings of a growing body of literature that examines the importance of trust in welfare systems and pension provision in particular. After briefly reviewing this literature, this section will use the findings of the papers to identify and discuss three specific instances where trust plays a visible role.

Growing attention to welfare markets in the 1990s has led scholars to critically revisit the assumptions of rational behaviour that underpin these new policies – for example the reliance on market discipline to control behaviour (Le Grand 1997; Taylor-Gooby 2000). Pointing out the limitations of a market system that relies solely on self-interest, these scholars stress that “behaviour in market contexts is often in fact regulated by normative principles that transcend simple rationality” (Taylor-Gooby 1999, 98). Trust in particular is important for facilitating market transactions, especially when there is risk involved and information asymmetry makes it difficult to control welfare providers: “Individuals who trust each other are better equipped to reduce the transaction costs involved in the detailed and continual checking of contract compliance and can invest in the future with greater

confidence that obligations will be honoured” (Taylor-Gooby 1999, 103). Hence without widespread trust and confidence, governments find it hard to ensure widespread participation in private pension provision (see also Ring 2005; Vickerstaff et al. 2012). In a similar vein, Whiteside shows how governments seek to expand participation in private pensions by fostering trust and public confidence in pension markets – this through interventions such as the negotiation of international accounting standards, rules on disclosure and investment regulations (Clark and Whiteside 2003; Whiteside 2006b). The underlying reasoning is that successful social coordination depends on mutual expectations as to how the other actor will respond; absence of such ‘conventions’ brings uncertainty and distrust, which eventually results in the breakdown of cooperation (Whiteside 2006b, 2010). However, several scholars point at the limitations of promoting trust in pension markets. There are good indications that overall trust in both state and non-state pensions is eroding (Taylor-Gooby 2005), with trust in the financial service sector particularly lacking (Hyde, Dixon, and Drover 2007; Ring 2005, 2012). Yet intensifying attempts to restore such trust by regulating market transactions has arguably resulted in undermining both public accountability and existing market mechanisms (Whiteside 2006a, 53).

Throughout this thesis, one can identify at least three specific instances of the general insight that trust is necessary to promote widespread participation in private pension provision (as well as of the challenges faced by governments to foster such trust). The most explicit of these instances is the need to promote trust in the context of auto-enrolment. Ring has argued how auto-enrolment in the UK was effectively a way for the government to circumvent the lack of public trust in private pension saving (Ring 2012). Yet he also noticed that this strategy does not do away with the sustained need for trust. This concern was amply illustrated by the findings of the third paper. In this paper I argued that the decision to introduce a price cap was motivated by the concern that bad-value schemes could undermine trust in the auto-enrolment and hence undermine the state’s strategy to promote private

savings. General breakdown of trust and participation (through widespread opt-outs) can happen even when only a few households find that they have been pushed in a bad-value scheme. Hence the cap was not just intended to prevent the corrosion of overall adequacy levels by high charges, but also to prevent the occurrence of the most harmful cases. This case clearly illustrates how trust cannot be replaced by intensifying state interventions: it is required to prevent reliance on ever greater compulsion to expand wider participation. At the same time, the case shows that fostering and maintaining trust often requires further state intervention; suggesting sustained state involvement. Even though this was shown for the UK case, it is very likely that the same principles are at work in other countries that are planning to rely on auto-enrolment.

A second instance where trust is crucial for widespread private pension provision stems from the limited feasibility to reduce uncertainty on basis of explicit pension promises. The widespread shift away from ‘Defined Benefit’ schemes in occupational pensions, hence deterioration of private pension security, has been widely attributed to the declining willingness of employers to engage in expensive obligations in an increasingly competitive climate (Munnell 2006). Arguably, governments have accelerated the trend of closing down DB schemes by introducing stricter regulations to protect scheme members against mismanagement or default. Yet this thesis also showed that governments have made it increasingly easy to organise schemes different than DB – see for example the recent introduction of DC schemes in Germany or the shift towards CDC in the Netherlands. This could be surprising given the broader argument that governments seek to promote overall pension adequacy. Nonetheless, this thesis would argue that these initiatives should be linked to the governments’ objective to promote coverage and adequacy. With respect to coverage, the papers suggest that relaxing pension promises is often clearly aimed at getting or keeping employers on board to provide widespread occupational pension schemes. For example, the German government has made the new DC scheme available on condition that it would be

used only through sectoral agreements in order to cover many new workers. Regarding adequacy, there is the now familiar trade-off between guarantees and returns: the obligation to meet explicit promises restrict funds to very safe investments, making it more difficult to achieve adequate returns (especially in a protracted low interest-rate environment; see Antolin, Schich, and Yermo 2011). Governments in Denmark, Germany, the Netherlands and Belgium arguably reduced mandatory promises in order to promote investment strategies that can deliver adequate returns in the first place. So this thesis stresses that we have to understand the sacrifice of traditional security against the background of overall efforts to improve coverage and adequacy (rather than a further step in overall abandonment of social characteristics of private pension provision; see Meyer, Bridgen, and Riedmüller 2007). In the absence of trust through fixed promises, governments have been investigating alternative ways to promote trust in private provision – for example by exploring ‘soft promises’ and new risk-sharing mechanisms among workers (such as ‘Defined Ambition’ pension plans and ‘Collective Defined Contribution’) or by providing stability through investment techniques (such as lifecycle investing).

Whereas the previous two paragraphs pointed at the importance of trust to engage households in private pension saving, the following expands this to the challenge of involving non-state actors in the organisation of private pensions. It has been made clear that states require the cooperation by social partners to organise widespread private pension provision. Yet cases such as negotiations leading up to the Riester reform and the 2008 Pensions Act that introduced auto-enrolment reveal that this is not self-evident. Employers are reluctant to engage in expanding occupational schemes insofar as this involves costs and harms competitiveness. At the same time, unions proved quite wary about participating in a deal they considered to be unfair in terms of distributing the burden of expanded provision between workers and employers (see for example unions insistence on equal ‘*Parität*’ contribution shares in Germany). In both cases, the government (as well as the Pensions

Commission in the UK) had to carefully establish mutual trust that the achieved deal would be both effective and fair – this because all involved actors had to make some painful concessions. The second paper further revealed the importance of trust between social partners in order to ensure the persistence of collective risk-sharing arrangements (regardless of whether this includes explicit pension promises or not). Because collective risk-sharing against systemic risks involves sharing risks over time, participants across several generations have to trust that both contributions and benefits are allocated in a fair manner. The paper showed how governments in Denmark and the Netherlands design and maintain a regulatory framework that constrains social partner decisions, this in order to create the necessary trust to overcome such distributional conflicts.

2 Three broader contributions

Even though the main argument of the thesis is developed within the context of private pension provision, the findings of this thesis have repercussions beyond the pension reform literature. In what follows I build on the main conclusions of this thesis to discuss how they contribute to three theoretical debates. First I engage with the broader debate on the relationship between states and markets. In the subsequent section, I briefly look at the repercussions for how we study welfare systems more generally. Finally, I discuss how my thesis can be situated within the emerging debate on financialization.

2.1 *State-market relationship*

Conceptualising and understanding the relationship between states and markets is a key theoretical debate within political economy. Welfare states have always been a central institution in terms of shaping this relationship. Traditionally, this relationship between states and markets was understood in an antagonistic manner – welfare policies compensate for market outcomes. Over time the opposite perspective gained in popularity – claiming that welfare policies and market dynamics can work in the same direction. This thesis, however, ties into yet another way to analyse the relationship between states and markets. Rather than counterbalancing or reinforcing each other, states can re-shape market dynamics in order to pursue its own objectives. In other words, we can analyse the relationship between states and markets as politics-against-markets, politics-for-markets and politics-through-markets. The latter option allows us to examine the intricate entanglement between states and markets, yet at the same time raises questions regarding the boundaries between states and markets. After briefly presenting the literature on each of these major perspectives on state-market relationships, I explore how this thesis can contribute to a better understanding of the entanglement between states and markets.

2.1.1 Politics-against-markets

The underlying tension between states and markets – or democracy and capitalism – is at the core of political-economy debates. Democracy would allow for the egalitarian use of political power to redistribute from rich to poor; hereby correcting the social inequalities produced by free markets, but also reducing overall efficiency. This conflicting dynamic between equality and efficiency lies at the basis of analysing modern societies (Iversen 2006; Okun 1975; Przeworski and Wallerstein 1988). Welfare states are often considered key institutions in shaping this tension between states and markets: by using government policies to compensate for the unequal effects of market competition, welfare institutions help facilitating the viability of capitalism as an economic system. As such, welfare states are explained as the result of a ‘class compromise’ where the poor refrain from radical redistribution while the rich consent to some level of democracy and redistribution (Przeworski 1980; Garrett 1998).

This antagonistic relationship between states and markets is most apparent in Esping-Andersen’s use of “decommodification” to define and differentiate between welfare regimes. De-commodification reflects the idea that welfare states limit the scope of markets, this by providing a social income that reduces the reliance of workers on market income (Esping-Andersen 1990, 22). Variation between welfare states is analysed in terms of how social expenditure is used to offer alternatives to market dependence (as well as whether such policies are used to preserve or change social structure). As such, different welfare regimes embody a different balance between states, markets and families (Esping-Andersen 1999a, 26–27; but see also Titmuss 1958; and Hacker 2002). The premise that welfare policies restrict market outcomes underpins much of the traditional welfare state literature (e.g. Baldwin 1990; Häusermann 2010; Kersbergen 1995; Leibfried and Mau 2008). It also underpins the argument that big welfare states allow countries to accept globalisation by allowing for the compensation of losers (Garrett 1998; Rodrik 1998). Beyond welfare state research, one could argue that the politics-against-markets approach underpins much of the

Public Choice literature. Here the argument goes in the other direction – public choice scholars see markets as a cure for the rent-seeking behaviour of elected politicians (see for example Niskanen 1971). The underlying idea here is that promoting markets will limit the scope of the government and replace it with a more efficient organisation of social interactions (e.g. Marsland 1996; Seldon 1996).

2.1.2 Politics-for-markets

Against the background of the ‘politics-against-markets’ perspective, a different argument emerged that considered the (welfare) state and markets less as enemies than complementing institutions. Establishing public welfare does not necessarily correct or contain markets, but in fact allows them to flourish. Moreover, promoting markets can support the achievement of welfare objectives. This more benign interpretation of the relationship between states and markets can be identified in welfare state research that points out that employers did not systematically oppose welfare expansion, but in fact welcomed social policies (van Kersbergen 2000, 27; Mares 2003; Swenson 2002). The idea that social policies can foster the functioning of markets is also very much in line with the Varieties of Capitalism framework (Estévez-Abe, Iversen, and Soskice 2001; Iversen and Soskice 2015). Welfare economists took on the challenge to explain why social policies can promote efficiency rather than undermine it (Barr 2012b; P. Lindert 2002; Mirrlees 2006).

At the same time, the claim that welfare policies do not necessarily have to compete with markets has also inspired several new approaches to welfare policies. In contrast to the previous perspective – pitching social policy as a compensation for market outcomes – these approaches all share the goal to use social policies in order to help individuals participating in markets. One key example is the promotion of the welfare state as an “enabling state” (Gilbert and Gilbert 1989). But it is also the basis for flexicurity and the ‘social investment state’ (Busemeyer et al. 2018). A more critical perspective on the ‘market creating’ effects of social

policies shows how providing households with basic social protection allows for creating failing markets (e.g. affordable housing creates a mass mortgage markets) (Schelkle 2012). Beyond the literature on welfare states, one could argue that the New Public Management approach can be interpreted within this framework. In contrast to the public choice approach, these scholars see markets as a technocratic means for improving public services, not a replacement for them (Lundsgaard 2002).

2.1.3 *Politics-through-markets*

The dynamics studied in this thesis do not fit nicely into one of the previous two options. The starting point of the thesis is that governments do not just choose between more intervention through public provision or promoting more laissez-faire within welfare markets. They also choose whether and how to intervene in private welfare markets, recognising that changing its organisation results in different distributional outcomes. As such, politics is not simply about restricting or encouraging market dynamics; it is actively changing markets towards its own objectives. Rather than politics against or for markets, it makes more sense to talk about politics-through-markets.

Though less prominent than the other two approaches, the idea that politics shapes market dynamics towards its own purposes is not new. Whiteside revealed the historical efforts of governments to secure political objectives within the private sphere, often resulting in blurring boundaries between public and private (Whiteside 2006a). Schelkle focuses on how policy interventions do not just alter market outcomes *ex post*, but also aim to adjust market outcomes *ex ante*; this by changing the relationship between buyer and seller before the transaction takes place (Schelkle 2012, 4). The idea of politics-through-markets also features prominently in Gingrich's analysis of welfare markets. As discussed in the introduction, Gingrich stresses that market reforms can have very different distributional implications. This opens it up as an arena for partisan struggle: "the distributive implications

of markets vary – not always benefiting the constituents of the Right – and that the Left has used market reforms differently to the Right.” (Gingrich 2011, 25). Beyond the field of social policy, the idea can be recognised in Vogel’s insight that re-regulation accompanying liberalisation can be used in different ways; it can be used to enhance competition, but also to preserve political dominance over industry after opening up ‘public sectors’ to competition (Vogel 1998). These proposals share the idea that shaping markets differently reflects a political struggle. This requires a more nuanced understanding of how states and markets are differentiated, going beyond analysing them as fully distinct entities that either compete or work in the same direction.

2.1.4 Entanglement between states and markets: politicisation or de-politicisation?

Whereas the two traditional perspectives (politics against or for markets) rest on a reasonably clear demarcation between states and markets, recognising that politics can also shape markets precludes a clear division between state and market. The question on how to interpret the resulting entanglement between states and markets goes back to Polanyi’s concept of “embeddedness” (Polanyi 1957). Despite heated discussions as to whether ‘disembedded markets’ is a useful concept or not (Block 1990, 2003; Granovetter 1985; Krippner et al. 2004), the general consensus is that “markets are always politically embedded” (Block 2004, 117–18). It underlines the need to move away from understanding entanglement as a mix of states and markets as separate entities. Yet the question remains: if socially regulated welfare markets do not clearly fall within either the public or private sphere, how then should we characterise such entanglement?

One interpretation sees entanglement as a way to *politicise* the outcomes of private welfare provision. This interpretation is most in line with the approach taken by Gingrich (2011). Rather than understanding welfare privatisation as a way of “surrendering public responsibility” (Gilbert 2002), she sees reforms in welfare markets as a way to draw this

private sphere within the political arena (Gingrich 2011, 25). This is an extension of Hacker's argument that the expansion of private welfare is the result of a political strategy that is dominated by Conservative parties (Hacker 2002). More generally, Schelkle envisions the possibility of governments "self-confidently moulding markets for social welfare purposes" (Schelkle 2012, 5).

Another interpretation sees entanglement that follows from active state intervention in the private sphere as part of a broader *depoliticization* strategy (Flinders and Buller 2006). The idea is that governments seek to remain arm's-length control over economic and social processes, while shielding themselves from the consequences of unpopular policies; or as Burnham formulates it: "De-politicisation as a governing strategy is the process of placing at one remove the political character of decision-making." (Burnham 2001, 128–29). In other words, insofar as governments seek to intervene and maintain control over the private sphere, this should be interpreted as an effort to reduce political involvement. "Thus, what gets 'squeezed out' by de-politicisation, is not politics per se, but rather the responsibility, blame, costs and discretion associated with policy making." (Foster, Kerr, and Byrne 2014, 229).

Both politicisation and de-politicization are plausible interpretations of the developments within the area of private pension provision. In line with the former it has been argued that governments, when constrained to pursue social or electoral goals through public provision of welfare, shift attention to different policy instruments to obtain similar outcomes within the private area (Hyde and Dixon 2008). Others have stressed the appeal of promoting funded pensions from the perspective of de-politicisation: "Perhaps the greatest advantage of fully funded schemes is that there is an automatic adjustment of the level of pensions to the available resources. If available resources are lower than expected then either equity returns are also lower than expected or the real value of financial claims are reduced by inflation. Both processes operate "automatically". Pensioners may be disappointed with their pensions,

but “they do not perceive any deliberate political decision in the reduction of their pensions by inflation or by the failure to attain a suitable return in the financial markets” (Eatwell 2003, 8).

Nonetheless, these interpretations are not necessarily compatible since they point in different directions in terms of whether states seek to contain rather than expand the public sphere. This thesis suggests that such confusion often arises because the relevant perspective tends to shift over time. Even if governments clearly seek depoliticization at one point, the difficulty of achieving this often elicits further intervention; this up to the point where governments are rather openly steering outcomes towards desired outcomes. For example, the New Labour government was very explicit about establishing the priority of private responsibility and containing the responsibility for the state; its starting principle was that “those who are able, should save what they can for their retirement. The Government should support those who cannot save” (Secretary of State for Social Security 1998, 3). Yet as we have seen, failure to achieve broader coverage through voluntarism was succeeded by a shift towards auto-enrolment – making the hand of the state ever more visible. Today the UK government openly recognizes that it bears a responsibility to ensure that those who are pushed into private saving schemes do not feel deceived; meaning that the outcomes of auto-enrolment are now at least partly within the domain of political accountability. The possibility of such ‘creeping shift’ between de-politicisation and politicisation is recognised in the broader privatisation literature: “It is politicians who make decisions about what functions should be ‘depoliticised’, and [...] it is politicians who may from time to time face pressures to either justify their choices or even re-politicise certain issues in terms of adopting a direct governing relationship.” (Flinders and Buller 2006, 296).

The lack of clear demarcation between state and market results in blurring lines between public and private responsibility (Ebbinghaus and Whiteside 2012): very often it is

simply not clear whether states or households are expected to take responsibility for potentially disappointing outcomes of private pension provision. This ambiguity is considered problematic for very good reasons: it creates “public uncertainty, opposition and non-participation” (Whiteside 2006a, 53). Nonetheless, this thesis suggests that governments do not necessarily seek to resolve ambiguity regarding accountability for private pensions. Even if it is an unintentional consequence of previous interventions, it can be considered an essential part of its broader strategy to contain fiscal liabilities. Unambiguously assuming public responsibility for such outcomes would resemble direct liabilities akin to PAYG promises (with corresponding pressure to account for them in current fiscal calculations). On the other hand, unambiguously allocating responsibility with individuals is politically not credible (democratic governments will always have an incentive to respond to public pressure; see for example mis-selling scandals) and could trigger backlash against privatisation. As a result, governments could have an incentive to preserve ambiguity regarding public versus private responsibility. This does not mean that problems regarding public uncertainty and opposition are not relevant. It just highlights why state interventions seek to generate trust (see section 1.3) and mitigate the probability that contingent liabilities materialise in the first place (see section 1.1 and 1.2). Whether this is a good or stable strategy to deal with fiscal liabilities remains to be seen.

2.2 *Conceptualising welfare states*

The focus of this thesis is on developing a better understanding of what shapes state intervention in private pension provision. It argues that private welfare reforms cannot be understood without also taking into account what happens within the public sphere – both are interlinked because governments that aim to contain public expenditure are often compelled to intervene more intensively in private welfare provision. Taking this argument to its natural conclusion poses a new question that goes beyond the immediate scope of this thesis: if it is not possible to understand private welfare interventions without reference to public welfare reform, is it then possible to understand public reform politics without taking private welfare into account?

This question goes back to an on-going and tricky debate in the welfare state literature that focuses on what is the appropriate ‘dependent variable’ of welfare studies. Since Esping-Andersen, welfare studies have shifted beyond focusing on the level of social expenditure as the main dependent variable. It is now widely accepted that one should take into account how the same amount of social expenditure can have very different consequences, depending on how it is spent. In a similar way, studies of welfare retrenchment have shifted beyond their initial focus on declining levels of welfare spending – or its surprising absence – and instead expanded the scope of investigation to more nuanced shifts in the content of welfare programmes (e.g. re-commodification and recalibration). Much less agreement exists on whether the focus of welfare studies should expand beyond public welfare provision. Several scholars have made the case for doing so (Shalev 1996; Howard 1997; Hacker 2002). Pierson himself argued that there should be a very good reason to ‘stretch’ our concept of the welfare state; this in order to avoid confusion among scholars as to what needs to be explained (Pierson 2001a, 420). Green-Pedersen echoes the concern that alternative conceptualizations of the welfare state limit the prospect of engaging in a common

debate; arguing that “moving away from defining the welfare state as social transfers and services requires strong arguments” (Green-Pedersen 2004, 6).

Nevertheless, the findings of this thesis would strengthen the case that there are at least very good reasons to consider expanding our notion of the welfare state to include private welfare provision. Not just because it determines so much of the actual distributional outcomes; also because there are very good indications that private provision has important consequences for how public welfare is shaped. The reasoning, in short, would be that governments shape public provision differently depending on what is feasible within private welfare provision. Public and private reforms are interlinked: the political stability of public welfare reforms is conditional upon the success of efforts to shape the outcome of private welfare provision. This implies that private reform developments are not just interesting, but also an integral part of the welfare system we want to explain.

In what follows I illustrate this argument by examining one key reason why leaving private provision out of the scope of mainstream welfare research could result in a biased understanding of public welfare reforms. In short, the exclusive attention to how public provision is organised does not allow for the possibility that governments engage in a ‘division of labour’ between public and private provision. Consider for example the widespread trend of reshaping public provision towards a basic state pension, with flat benefits but on more or less universal basis. For Conservative countries this represents a shift away from public provision of earnings-related pensions that allow for consumption smoothing; yet also Liberal countries are slowly moving away from means-testing (Gelepithis 2014; Meyer and Bridgen 2012). Considering these public reforms in isolation, one could hypothesise that welfare states are abandoning objectives related to insurance, instead focusing on redistribution. This observation would go against the argument that welfare states are predominantly about moderating risks, with redistribution across classes being a by-

product of action (see debate involving Esping-Andersen 1999b, 32; Rehm 2009; Baldwin 1990; Moene and Wallerstein 2001). However, taking into account state efforts beyond public provision strongly suggest that this would be a misrepresentation: states remain quite involved in promoting earnings-related pensions through private provision (even in Liberal countries which are normally considered to be concerned about basic levels of pension security). This suggests a division of labour in which states design public provision to focus on one task (e.g. poverty prevention), while trying to achieve other objectives within the private sphere (e.g. consumption smoothing). In fact, a major argument in Liberal countries to shift away from means-testing in state pensions was the concern that means-testing disincentivises private saving (Pensions Commission 2006, 16; Mabbett 2011). More broadly, a basic state pension (that takes care of low income or high-risk households) is often considered to be an important building block for facilitating widespread private insurance.

2.3 *Financialization debate*

This thesis has argued that we need a more nuanced approach to studying the role of finance in welfare reforms, this by taking into account the possible alliance between commercial and social interests. Doing so builds on earlier work that investigates the nexus between finance and welfare. Even though the scholarship on financialization and welfare reforms has developed rather independently from each other, several scholars have investigated the financial consequences of current welfare state arrangements (Estévez-Abe 2001; Jackson and Vitols 2001; Naczyk 2016). This reflects the broader concern of the financialization literature that financial considerations increasingly penetrate into other dimensions of social life (for example, a good share of this literature studies how financial imperatives start to dominate corporate governance).

This attention to the financial dimension of social policies certainly deserves more scholarly attention; yet this thesis strongly suggests that the nexus between welfare and finance nexus should be studied in both direction. In light of our earlier discussion on the difficulty to disentangle state and market (section 2.1), this thesis triggers a different question: to what extent does the social sphere penetrate the financial world? There are good indications that welfare privatisation does not just result in a growing role of financial markets in providing social protection; it also transposes ‘social considerations’ in what used to be a more straightforward market place. For example, financial actors openly present their activities as a key service within overall welfare provision; often to justify why the state should encourage people to participate in these markets. While this discourse obviously has commercial motivations, it would be too easy to fully disregard it as cheap talk. In several cases, financial providers (albeit reluctantly) accept quite far-reaching restrictions – ranging from price setting to dealing with clients – that would be alien to traditional markets. In other words, in order to benefit from the expansion of financial ‘welfare’ markets, financial actors start behaving according to social maxims. More generally, one could argue that promoting

the participation of ‘normal households’ in financial markets has resulted in the justification of social imperatives to financial markets. Not only can we see a clear public debate regarding the social responsibility of financial firms (not just in Germany and the Netherlands, but also in the UK); one can even discern a tendency of introducing organisational features in private pension markets that are normally associated with social insurance (e.g. restrictions to risk-differentiation; shift towards mandatory provision; attempts to ‘contain’ the salary of financial sector professionals working for pension funds, despite competition for talent; etc.). In short, whereas existing approaches to the welfare-finance nexus have focused on how social policies are shaped with financial concerns in mind; this thesis draws attention to how parts of the financial sphere are shaped on basis of social considerations.

3. Limitations and future research questions

This final section looks at limitations of this research project and outlines how the concepts introduced in this thesis trigger new questions for future research.

3.1 *Limitations*

This thesis highlights how states make autonomous decisions in order to promote their own goal of containing fiscal exposure; not just in the short run through public reforms, but also in the long term by shaping private provision in order to avoid re-emerging fiscal pressure. It suggests that states are ultimately pragmatic in their interventions. But this takes a short-cut and could be understood as treating states as monolithic actors that are always focused on promoting long-term stability. More could be said about this. For instance, we observe that the daily political perception matters when the Coalition government in the UK decided to abolish compulsory annuities in 2014: providing more choice in this area was politically attractive, given the rotten deal many people got in the existing annuity markets. At the same time it can only amplify the challenge of pension security when retirees are allowed to take out the lump sum. Similarly, the parliamentary debates in the UK regarding pension charges revealed that certainly not all politicians were taking the long-term perspective; some Conservatives appeared more eager to avoid the difficult issue by defending non-action on grounds that it was Labour that had not introduced a cap in the first place, or by remarking that it was Labour that softened the cap on Stakeholder Pensions. Or, to take another example, the bitter opposition by the CDU/CSU against Schröder's initial reform proposals – mainly because they felt betrayed by the SPD election campaign against their original pension cuts – is another interesting example of partisan feud.

However, this example stands out exactly because it signified a break with the long-term cross-partisan cooperation in Germany in the area of pension reforms (Jochem and Schulze 2007). Indeed, both for the 2005 federal election in Germany and the 2010 general

election in the UK, we see that the new government almost seamlessly continues the reform strategy that had been set out by the political opposition. In that sense, the argument that the ‘long-term perspective’ seems to prevail can be understood in context of the more general insight that parties have an incentive for cross-party cooperation and to keep pension reforms outside electoral struggle; this to allow for blame diffusion (Green-Pedersen 2002) and to avoid constant undermining of long-term reforms (Hering 2005).

The second limitation concerns the limited availability of data in light of the complexity of interventions in private pension provision. This thesis focused on how interventions aim at promoting coverage and adequacy within countries; it also stressed that this is particularly challenging for lower-income groups. However, different measures can be expected to have a differentiated impact within the population. For example, the *Riester Rente* entails subsidies that were targeted at low-income households only; whereas regulations that promote transparency and reporting standards are more likely to benefit middle- and higher-income households. For many such interventions, it is difficult to assess in advance what the likely distributional impact will be; in particular when the outcome depends on individual discretion and market fluctuations. Nonetheless, having a more fine-grained understanding of how interventions affect different groups within a country allows for a more nuanced analysis than is currently possible. This is especially the case if policy-makers have their own estimations as to which part of the electorate would benefit or lose from certain proposals. If that turns out to be a relevant issue, it could open the door for more explicit partisan considerations. Even if different parties promote the broad goal of expanding private provision, they could put a different emphasis as to where to focus their regulatory efforts. This could be linked to the broader literature that examines how parties respond to changing socio-structural electoral constituencies (e.g. Häusermann, Picot, and Geering 2013), as well as literature that focuses on explaining differences in popular support for the welfare state (e.g. C. Brooks and Manza 2007; Rehm, Hacker, and Schlesinger 2012).

The final limitation regards the approach taken by this thesis regarding involving the EU in the analysis of the papers, as outlined in the introduction (see section 2.3). On the basis of an overview of EU policies that could shape regulatory reforms at the domestic level, I concluded that it is not likely that these shifts away from voluntarism are driven by pressure stemming from the EU level. Nonetheless, the interaction between reform initiatives at EU and the domestic level could be the subject of a separate paper. This could include an effort to trace back the interest in pension adequacy within the European institutions and aim at explaining the source of such concerns (for example, social objectives could be ‘uploaded’ by national governments; driven by ‘social actors’ within the European Parliament and Commission; or derived from other concerns). Such an exercise would allow for a more nuanced understanding of how different objectives regarding pension at European level relate to each other; including market-making (e.g. promoting labour portability and cross-border financial markets), social objectives (e.g. gender-equality, old age poverty and delivering decent living standards more generally) and other objectives (e.g. financial sustainability). Examining the process behind the proposed new “Pan-European Personal Pension Product”, Schelkle (forthcoming) shows that the driving objective is not necessarily stable but changes with the actors involved.

In the context of this thesis, there are good indications that the social objectives regarding ‘adequacy’ (as expressed in the 2012 White Paper) are to a significant extent derived from the primary objective of ‘financial stability’; rather than being a stand-alone objective. Florian Blank comments that the White Paper in general subordinates social policy to other policy fields, rendering it “a rather mechanistic exercise that tries to solve perceived problems of public expenditure” (Blank 2013). Indeed, the Commission has been quite straightforward about the need to promote complementary private savings to compensate for lower replacement rates that will result from efforts to sustain financial stability of public

provision (European Commission 2012, 4–5); this in contrast to asking whether adequacy concerns can be best addressed through public or private provision. It also recognizes that doing so is not straightforward; with the financial crisis highlighting the need for additional initiatives in order to promote the safety of private pensions, as well as their expansion (European Commission 2012, 13). In an earlier document, the Commission reckoned that: “Unless financial markets perform over time as expected, private schemes will not be able to deliver their increased expected contribution to adequate pensions. Where schemes underperform in major ways it may also imply that political pressures for compensation may weigh on public budgets. Pension reforms providing an increasing role to funded schemes will therefore have to be implemented in a context of appropriate regulation of private pension provision.” (European Commission 2010, 77). In conclusion, even if the 2012 initiatives on adequacy come too late to explain domestic reform developments, it would be interesting to examine whether the drivers behind European initiatives to promote ‘social interventions’ are *mirroring* the reform dynamic at national level. Concerns regarding financial stability generate a push for privatisation, followed by more intensive social interventions when the vulnerability of private provision becomes more visible. A counter-hypothesis could be that member states push back against EU social regulation because they fear to lose control over the fiscal implications of pension adequacy, even though their own interventions incur contingent liabilities.

3.2 *Future research questions*

In order to explain the incremental shift towards more intensive state intervention in the organization of private pension provision, this thesis has highlighted the role of ‘contingent liabilities’. Borrowed from the fiscal stability literature (Altman 1992; Polackova 1998; Heller 1998), this concept refers to fiscal liabilities that materialise only when a certain event occurs (e.g. public pressure to improve overall pension adequacy). Accordingly, this thesis argued that state interventions in private pension provision can be understood as efforts to minimise the probability that such contingent liabilities materialise. This provided an answer to the question why governments engage in regulatory interventions that restrict the discretion of non-state actors – even if doing so requires them to overcome political resistance (e.g. by social partners) whereas the expectation of electoral reward is low and the political risk of electoral backlash is significant (Mabbett 2012; Vis 2010, 19).

While the importance of contingent liabilities has been introduced as a finding, this notion deserves further theoretical exploration. The reason is that this concept implies that policy-makers take into account the long-term consequences of current decisions (i.e. consequences occurring well beyond the next election). This assumption is not self-evident, given the “well-established insight [...] that, in general, governments will impose short-term costs only when the risks of electoral punishment for doing so are low.” (Jacobs 2008, 203). Barbara Vis argued that policy-makers can still be willing to take political risks when the prospect of loss is high (Vis 2010, 20–22); yet given that in the case of pensions such losses could take many years to materialise, it leaves open the question why governments care about these long-term consequences. Alan Jacobs provides a different answer, namely that “their policy decisions about the long run are likely to be driven in part by actors who are far more attentive to distant consequences than is the median voter: organized groups.” (Jacobs 2008, 203). While this aligns with the finding that financial actors play an important role in driving intervention, it does not explain why governments also take decisions that go against the

interests of the financial sector (as is the case in the third paper). Hence the question remains: why do governments seem to care about long-term consequences of current decisions?

There are at least three possible approaches to this question that could be examined further. One option would be to look at the role of the bureaucracy as a stable core within the governments (this goes back to the original state-centric literature; e.g. Hecló 1974). The idea is that, even if politicians are focused on the short-term, their civil servants have a longer time-frame. The influence of civil servants on their political masters results in a longer-term perspective than they would have otherwise. Another hypothesis would focus on how parties (rather than bureaucrats) constrain politicians. In contrast to politicians, parties as a whole persist over time which could result in a longer-term perspective; this for example because parties build up a reputation that transcends that of individual politicians (e.g. Born 1990) or because parties are increasingly required to take a 'responsible' governmental role (e.g. Mair 2009). So even if certain decisions are not opportune from an individual point of view, politicians could be disciplined by the party to take the long-term into account. Finally, some suggest the opposite approach (Croley 2008; Ginosar 2014); this by arguing that even if politicians care about re-election, they also aim to advance their beliefs as to what improves society; even if pursuing this entails political risks or effort.

Although evaluating and further developing hypotheses regarding the long-term perspective in policy-making falls outside the scope of this thesis, this would help us to further improve our understanding of the reasons why governments do not seem to be able to retreat from organising pension security.

REFERENCES

- aba. 2013. "Für Ein Rentensystem Mit Dualem Kern in Deutschland. Roadmap Zu Einem Robusten System - Thesen Und Maßnahmepakete." Arbeitsgemeinschaft für betriebliche Altersversorgung.
- — — . 2015. "Nicht Zu Kurz Springen! Für Eine Echte Reform Zur Stärkung Der Betriebliche Altersversorgung." Arbeitsgemeinschaft für betriebliche Altersversorgung.
- ABI. 2002a. "Stakeholder Pensions – Closing the Savings Gap." Association of British Insurers.
- — — . 2002b. "Comments by the Association of British Insurers on OPRA Note 11 on Stakeholder Pension Scheme Charges Issued by OPRA as an Exposure Draft in September 2002." Association of British Insurers.
- — — . 2013. "ABI Response to Better Workplace Pensions: DWP Consultation on Charging."
- ACA. 2001. "Occupational Pensions: The End of an Era?" Association of Consulting Actuaries.
- Adema, Willem, and Marcel Einerhand. 1998. "The Growing Role of Private Social Benefits." Paris: OECD Publishing.
- Adema, Willem, and Whiteford. 2010. "Public and Private Social Welfare." In *The Oxford Handbook of the Welfare State*, by Francis G. Castles, Jane Lewis, Stephan Leibfried, and Christopher Pierson. OUP Catalogue. Oxford University Press.
- AFM. 2011. "Kosten Pensioenfondsen Verdienen Meer Aandacht." Autoriteit Financiële Markten.
- — — . 2015. "Vermogensbeheer- En Transactiekosten Pensioenfondsen in Beeld." Autoriteit Financiële Markten.
- Alcock, Pete, and Duncan Scott. 2007. "Voluntary and Community Sector Welfare." In *Understanding the Mixed Economy of Welfare*, by Martin A. Powell. Understanding Welfare. Bristol, UK: Policy Press/Social Policy Association.
- Altman, Nancy. 1992. "Government Regulation: Enhancing the Equity, Adequacy, and Security of Private Pensions." In *Private Pensions and Public Policy*, by Elizabeth Duskin. OECD Social Policy Studies, no. 9. Paris, France : Washington, D.C., U.S.A: OECD.
- Andersen, Carsten, and Peter Skjodt. 2007. "Pension Institutions and Annuities in Denmark." *World Bank Policy Research Working Paper*.
- Andersen, Erik Brink, and Rein van Dam. 2008. *Risk-Based Supervision of Pension Institutions in Denmark*. World Bank Publications.

- Andersen, Jorgen Goul. 2011. "Denmark: The Silent Revolution towards a Multipillar Pension System." In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- Anderson, Karen. 2001. "The Politics of Retrenchment in a Social Democratic Welfare State: Reform of Swedish Pensions and Unemployment Insurance." *Comparative Political Studies* 34 (9): 1063–91.
- — —. 2007. "The Netherlands: Political Competition in a Proportional System." In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen Anderson, and Isabelle Schulze.
- — —. 2008. "The Politics of Multipillar Pension Restructuring in Denmark, the Netherlands and Switzerland." *WZB Discussion Paper*.
- — —. 2011. "The Netherlands: Adapting a Multipillar Pension System to Demographic and Economic Change." In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- — —. 2015a. "Occupational Pensions in Sweden."
- — —. 2015b. *Social Policy in the European Union*. European Union Series (Palgrave (Firm)). London, UK: Palgrave.
- Anderson, Karen, and Ellen M. Immergut. 2007. "Sweden: After Social Democratic Hegemony." In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen Anderson, and Isabelle Schulze. Oxford ; New York: Oxford University Press.
- Antolin, Pablo, Sebastian Schich, and Juan Yermo. 2011. "The Economic Impact of Protracted Low Interest Rates on Pension Funds and Insurance Companies." *OECD Journal: Financial Market Trends* 2011 (1): 237–56.
- Antolín, Pablo, and Fiona Stewart. 2009. "Private Pensions and Policy Responses to the Financial and Economic Crisis." OECD Working Papers on Insurance and Private Pensions. Paris: Organisation for Economic Co-operation and Development.
- Baldwin, Peter. 1990. *The Politics of Social Solidarity : Class Bases in the European Welfare State 1875-1975* /. Cambridge University Press,.
- Barr, Nicholas. 2001. *The Welfare State as Piggy Bank: Information, Risk, Uncertainty and the Role of the State*. Oxford University Press.
- — —. 2002. "Reforming Pensions : Myths, Truths, and Policy Choices." *International Social Security Review* 55 (2): 3–36.
- — —. 2012a. "Chapter 7 - Consumption Smoothing: Old-Age Pensions." In *The Economics of the Welfare State*. <https://moodle.lse.ac.uk/mod/resource/view.php?id=232502>.
- — —. 2012b. *The Economics of the Welfare State*. 5th ed. Oxford University Press,.

- — —. 2013. “The Pension System in Sweden.”
- BDA. 1999. “Arbeitgeberpräsident Hundt: Rentenreform Enthält Schritte in Die Richtige Richtung; Stärkere Eigenvorsorge Im Alter Ist Unverzichtbare Weichenstellung.”
- Berner, Frank. 2006. “Riester Pensions in Germany: Do They Substitute or Supplement Public Pensions? Positions in the Debate on the New Public Policy on Private Pensions.” *German Policy Studies/Politikfeldanalyse* 3 (3): 492–534.
- — —. 2011. “New Private Pensions in Germany: A Pension Market or a Branch of the Welfare State? Contested Regulatory Issues.” In *The New Regulatory State: Regulating Pensions in Germany and the UK*, edited by Lutz Leisering. Houndmills, Basingstoke, Hampshire, UK; New York: Palgrave Macmillan.
- Bertozzi, Fabio, and Giuliano Bonoli. 2007. “The Swiss Pension System and Social Inclusion.” In *Private Pensions versus Social Inclusion? Non-State Provision for Citizens at Risk in Europe*, by Traute Meyer, Paul Bridgen, and Barbara Riedmüller. Cheltenham, UK ; Northampton, MA: Edward Elgar.
- Blake, David, Debbie Harrison, and Kevin Dowd. 2014. “Value for Money - Assessing Value for Money in Defined Contribution Default Funds.” The Pensions Institute.
- Blank, Florian. 2013. “The 2012 White Paper On Pensions – A Building Block For EU Social Policy?” Social Europe. 2013.
- — —. 2016. “Unemployment and Pensions Protection in Europe: The Changing Role of Social Partners - Germany.” Observatoire social européen.
- Block, Fred. 1990. *Postindustrial Possibilities - A Critique of Economic Discourse*. University Of California Press.
- — —. 2003. “Karl Polanyi and the Writing of The Great Transformation.” *Theory & Society* 32 (3): 275–306.
- Blommestein, Hans J., Pascal Janssen, Niels Kortleve, and Juan Yermo. 2009. “Evaluating Risk Sharing in Private Pensions Plans.” *OECD Journal: Financial Market Trends* 2009 (1): 163–84.
- Bó, Ernesto Dal. 2006. “Regulatory Capture: A Review.” *Oxford Review of Economic Policy* 22 (2).
- Bode, Ingo. 2008. *The Culture of Welfare Markets : The International Recasting of Pension and Care Systems*. Routledge Advances in Sociology. Routledge,.
- Bonoli, Giuliano. 2007. “Time Matters: Postindustrialization, New Social Risks, and Welfare State Adaptation in Advanced Industrial Democracies.” *Comparative Political Studies* 40 (5): 495–520.

- Bonoli, Giuliano, and Silja Häusermann. 2011. "Switzerland: Regulating a Public-Private Heritage of Multipillar Pension Governance." In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- Bonoli, Giuliano, and Bruno Palier. 2007. "When Past Reforms Open New Opportunities: Comparing Old-Age Insurance Reforms in Bismarckian Welfare Systems." *Social Policy & Administration* 41 (6): 555–573.
- Born, Richard. 1990. "The Shared Fortunes of Congress and Congressmen: Members May Run from Congress, but They Can't Hide." *The Journal of Politics* 52 (4): 1223–41.
- Bovenberg, Lans. 2007. "Risk Sharing and Stand-Alone Pension Schemes." *The Geneva Papers on Risk and Insurance. Issues and Practice* 32 (4): 447–57.
- Bovenberg, Lans, Roel Mehlkopf, and Theo Nijman. 2014. "The Promise of Defined-Ambition Plans: Lessons for the United States." *Working Paper World Pension Summit 2014*.
- Bridgen, Paul, and Traute Meyer. 2011. "Britain: Exhausted Voluntarism - The Evolution of a Hybrid Pension Regime." In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- Brooks, Clem, and Jeff Manza. 2007. *Why Welfare States Persist: The Importance of Public Opinion in Democracies*. Studies in Communication, Media, and Public Opinion. Chicago: University of Chicago Press.
- Brooks, Sarah Marie. 2005. "Interdependent and Domestic Foundations of Policy Change: The Diffusion of Pension Privatization around the World." *International Studies Quarterly* 49 (2): 273–94.
- . 2009. *Social Protection and the Market in Latin America : The Transformation of Social Security Institutions*. Cambridge University Press.
- Brunner, Gregory, Richard P. Hinz, and Roberto Rocha. 2008. *Risk-Based Supervision Of Pension Funds: A Review Of International Experience And Preliminary Assessment Of The First Outcomes*. Policy Research Working Papers. The World Bank.
- Burchardt, Tania, John Hills, and Carol Propper. 1999. *Private Welfare and Public Policy*. York: Joseph Rowntree Foundation.
- Burnham, Peter. 2001. "New Labour and the Politics of Depoliticisation." *The British Journal of Politics and International Relations* 3 (2): 127–49.
- Busemeyer, Marius R., Caroline de la Porte, Julian L. Garritzmann, and Emmanuele Pavolini. 2018. "The Future of the Social Investment State: Politics, Policies, and Outcomes." *Journal of European Public Policy* 25 (6): 801–9.
- CASE. 1999. "Partnership in Pensions? Responses to the Pensions Green Paper." *CASE Paper 24*.

- CBC News. 2013. "CUPE Official Backs Pension Reforms despite Protests," April 23, 2013.
- Chybalski, Filip, and Edyta Marcinkiewicz. 2016. "The Replacement Rate: An Imperfect Indicator of Pension Adequacy in Cross-Country Analyses." *Social Indicators Research* 126: 99–117.
- Citi, Manuele, and Martin Rhodes. 2007. "New Modes of Governance in the EU: Common Objectives versus National Preferences." *European Governance Papers* 07–01.
- Clark, Gordon L. 2003. *European Pensions and Global Finance*. Oxford University Press.
- — —. 2006. "The UK Occupational Pension System in Crisis." In *Britain's Pensions Crisis: History and Policy*, by Hugh Pemberton, Pat Thane, and Noel Whiteside. British Academy.
- Clark, Gordon L., and Noel Whiteside. 2003. *Pension Security in the 21st Century: Redrawing the Public-Private Debate*. Oxford University Press.
- Clasen, Jochen. 2005. *Reforming European Welfare States: Germany and the United Kingdom Compared*. Oxford University Press.
- — —. 2011. *Converging Worlds of Welfare?: British and German Social Policy in the 21st Century*. OUP. Oxford University Press.
- Clayton, Richard, and Jonas Pontusson. 1998. "Welfare State Retrenchment Revisited: Entitlement Cuts, Public Sector Restructuring, and Inegalitarian Trends in Advanced Capitalist Societies." *World Politics* 51 (1).
- Conceicao-Heldt, Eugenia da. 2007. "France: The Importance of the Electoral Cycle." In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen M. Anderson, and Isabelle Schulze.
- CPB. 2013. "Voor- En Nadelen van de Doorsneesystematiek." Centraal Planbureau.
- — —. 2014. "Doorsneesystematiek in Pensioenen Onder Druk?" CPB Policy Brief 2014/1. Centraal Planbureau.
- Croley, Steven P. 2008. *Regulation and Public Interests: The Possibility of Good Regulatory Government*. Princeton University Press.
- Culpepper, Pepper D. 2010. *Quiet Politics and Business Power*. Cambridge University Press - M.U.A.
- — —. 2015. "Structural Power and Political Science in the Post-Crisis Era." *Business & Politics* 17 (3): 391–409.
- D'Addio, Anna Cristina, and Edward Whitehouse. 2010. "Pension Systems and the Crisis: Weathering the Storm." *Pensions: An International Journal* 15 (2): 126–39.
- Daily Mail. 2001. "Retirement Dreams 'Threatened by GBP 27bn Pensions Black Hole,'" October 1, 2001.

- De Deken, Johan. 2011. "Belgium: The Paradox of Persisting Voluntarism in a Corporatist Welfare State." In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- — —. 2013. "Towards an Index of Private Pension Provision." *Journal of European Social Policy* 23 (3): 270–86.
- De Telegraaf. 2010a. "Pensioensolidariteit Tussen Generaties Pervers Geworden." *Telegraaf.NL*, September 17, 2010.
- — —. 2010b. "AFM: Pensioenfonds Moet Opener Worden over Kosten; Hoogervorst Wil Financiële Bijsluiter." *De Telegraaf*, November 27, 2010.
- Deacon, Bob, Michelle Hulse, and Paul Stubbs. 1997. *Global Social Policy. International Organizations and the Future of Welfare*. London: Sage.
- Department for Work and Pensions. 2012. "Reinvigorating Workplace Pensions."
- Deutsche Bank. 2001. "Rentenreform 2001 – Deutschland Auf Dem Weg Zu Einem Wetterfesten Alterssicherungssystem." *Aktuelle Themen* 214.
- Deutscher Bundestag. 1997. "Stenographisches Protokoll Der 109 Sitzung Des Ausschusses Für Arbeit Und Sozialordnung - Öffentliche Anhörung von Sachverständigen." Drucksache 13/8011. Deutscher Bundestag.
- — —. 1999a. "Antrag: Verbesserung Der Nachhaltigkeit in Der Alterssicherung Durch Eine Gerechte Und Sozialverträgliche Rentenpolitik." Drucksache 14/1310. Deutscher Bundestag.
- — —. 1999b. "58. Sitzung Der Deutscher Bundestag." Plenarprotokoll 14/58. Deutscher Bundestag.
- DNB. 2015. "Nieuw Financieel Toetsingskader Pensioenfondsen Vangt Rentedaling Geleidelijk Op." *De Nederlandsche Bank*.
- Durazzi, Niccolo, Timo Fleckenstein, and Soohyun Christine Lee. 2018. "Social Solidarity for All? Trade Union Strategies, Labor Market Dualization, and the Welfare State in Italy and South Korea." *Politics & Society* 46 (2): 205–33.
- DWP. 2002. "Simplicity, Security and Choice: Working and Saving for Retirement (Green Paper)."
- — —. 2014. "Landscape and Charges Survey 2013: Charges and Quality in Defined Contribution Pension Schemes."
- Eatwell, John. 2003. "The Anatomy of the Pensions 'crisis' and Three Fallacies on Pensions." *Working Paper*.
- Ebbinghaus, Bernhard. 2010. "Unions and Employers." In *The Oxford Handbook of the Welfare State*, by Francis G. Castles, Jane Lewis, Stephan Leibfried, and Christopher Pierson. OUP. Oxford University Press.

- — — . 2011a. “Introduction: Studying Pension Privatization in Europe.” In *The Varieties of Pension Governance - Pension Privatization in Europe*, edited by Bernhard Ebbinghaus, 1–25.
- — — . 2011b. *The Varieties of Pension Governance*. Oxford University Press.
- Ebbinghaus, Bernhard, and Mareike Gronwald. 2011. “The Changing Public-Private Pension Mix in Europe: From Path Dependence to Path Departure.” In *The Varieties of Pension Governance - Pension Privatization in Europe*, edited by Bernhard Ebbinghaus. Oxford University Press.
- Ebbinghaus, Bernhard, Mareike Gronwald, and Tobias Wiß. 2011. “Germany: Departing from Bismarckian Public Pensions.” In *The Varieties of Pension Governance*, edited by Bernhard Ebbinghaus. Oxford University Press.
- Ebbinghaus, Bernhard, and Philip Manow. 2001. *Comparing Welfare Capitalism : Social Policy and Political Economy in Europe, Japan and the USA*. Routledge.
- Ebbinghaus, Bernhard, and Noel Whiteside. 2012. “Shifting Responsibilities in Western European Pension Systems: What Future for Social Models?” *Global Social Policy* 12 (3): 266–82.
- Ebbinghaus, Bernhard, and Tobias Wiß. 2011. “Taming Pension Fund Capitalism in Europe: Collective and State Regulation in Times of Crisis.” *Transfer: European Review of Labour and Research* 17 (1): 15–28.
- Eckardt, Martina. 2005. “The Open Method of Coordination on Pensions: An Economic Analysis of Its Effects on Pension Reforms.” *Journal of European Social Policy* 15 (3): 247–67.
- Erturk, Ismail, Julie Froud, Sukhdev Johal, Adam Leaver, and Karel Williams. 2007. “The Democratization of Finance? Promises, Outcomes and Conditions.” *Review of International Political Economy* 14 (4): 553–75.
- Ervik, Rune. 2005. “The Battle of Future Pensions Global Accounting Tools, International Organizations and Pension Reforms.” *Global Social Policy* 5 (1): 29–54.
- Esping-Andersen, Gøsta. 1990. *The Three Worlds of Welfare Capitalism*. Polity.
- — — . 1996a. “Conclusion: Occupational Welfare in the Social Policy Nexus.” In *The Privatization of Social Policy?: Occupational Welfare and the Welfare State in America, Scandinavia, and Japan*, edited by Michael Shalev. Houndmills, Basingstoke, Hampshire : New York: Macmillan Press ; St. Martin’s Press.
- — — . 1996b. *Welfare States in Transition : National Adaptations in Global Economies*. London: Sage.

- — — . 1999a. “Politics without Class: Postindustrial Cleavages in Europe and America.” In *Continuity and Change in Contemporary Capitalism*, by Herbert Kitschelt, Peter Lange, Gary Marks, and John D. Stephens. Cambridge: Cambridge University Press.
- — — . 1999b. *Social Foundations of Postindustrial Economies*. Oxford University Press.
- Estévez-Abe, Margarita. 2001. “The Forgotten Link: The Financial Regulation of Japanese Pension Funds in Comparative Perspective.” In *Comparing Welfare Capitalism : Social Policy and Political Economy in Europe, Japan and the USA*, edited by Bernhard Ebbinghaus and Philip Manow. Routledge.
- Estévez-Abe, Margarita, Torben Iversen, and David Soskice. 2001. “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State.” In *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, by Peter A. Hall and David Soskice. Oxford University Press.
- Etzioni, Amitai. 2009. “The Capture Theory of Regulations—Revisited.” *Society* 46 (4): 319–23.
- Eurofound. 1997. “Government Releases Preliminary Results of Its Pension Review.” <https://www.eurofound.europa.eu/is/observatories/eurwork/articles/government-releases-preliminary-results-of-its-pensions-review>.
- — — . 2011. “Dutch Pension Funds Face Serious Challenges.” Article.
- European Commission. 2010. “Progress and Key Challenges in the Delivery of Adequate and Sustainable Pensions in Europe.” European Commission.
- — — . 2011. “Synthesis Report - Balancing the Security and Affordability of Funded Pension Schemes.” European Commission.
- — — . 2012a. “Pension Adequacy in the European Union: 2010-2050.”
- — — . 2012b. “White Paper: An Agenda for Adequate, Safe and Sustainable Pensions.” COM(2012) 55 final.
- — — . 2013. “Adequacy and Sustainability of Pensions.” Europe 2020 Themes 04. Europe 2020. European Commission.
- — — . 2018a. “Current and Future Income Adequacy in Old Age in the EU - Volume 1.”
- — — . 2018b. “Current and Future Income Adequacy in Old Age in the EU - Volume 2: Country Profiles.”
- Evans, Peter B., Dietrich Rueschemeyer, and Theda Skocpol. 1985. *Bringing the State Back In*. Cambridge: Cambridge University Press.
- EveningStandard. 2002. “Stakeholder ‘Not Plugging the Gap,’” April 1, 2002.
- Ferrera, Maurizio. 2009. “From the Welfare State to the Social Investment State.” *Rivista Internazionale Di Scienze Sociali* 117 (3/4): 513–28.

- Ferrera, Maurizio, and Martin Rhodes. 2000. *Recasting European Welfare States*. London, Portland, OR: Frank Cass.
- Financial Post. 2014. "Ottawa's New Pension Reform Legislation Will Force Stakeholders to Face Tough Questions," May 13, 2014.
- Financial Times. 2004a. "Targeting the Savings Gap," 2004.
- . 2004b. "Treasury Rethinks Cap on Savings Fees." *Financial Times*, June 18, 2004.
- . 2011. "ABI Calls for Change over Pension Charges." *Financial Times*, November 25, 2011.
- . 2012a. "We Need to Dispel Fears of 'Hidden Costs.'" *Financial Times*, May 6, 2012.
- . 2012b. "Pension Providers Hit Back at 'misleading' Research," July 16, 2012.
- . 2013. "Yawning Deficits Force Dutch Pension Funds to Cut Payouts." *Financial Times*, 2013.
- . 2014a. "Dutch Collective Pensions Strain to Win UK Support." *Financial Times*, June 3, 2014.
- . 2014b. "CDC Pensions Will Work Only If Strictly Regulated." *Financial Times*, November 16, 2014.
- . 2016a. "Calculate the Hidden Cost of Fund Fees."
- . 2016b. "Fund Managers Dismiss Claims of Hidden Fees," August 9, 2016.
- Financieel Dagblad. 2017. "Klijnsma Maant Achterban Vakbonden: Hak Knoop Door over Pensioen," July 7, 2017.
- Finegold, Kenneth, and Theda Skocpol. 1995. *State and Party in America's New Deal*. Madison: University of Wisconsin Press.
- Flinders, Matthew, and Jim Buller. 2006. "Depoliticisation: Principles, Tactics and Tools." *British Politics* 1 (3): 293–318. <https://doi.org/10.1057/palgrave.bp.4200016>.
- Flora, Peter. 1986. *Growth to Limits: The Western European Welfare States since World War II*. Berlin: de Gruyter.
- Flora, Peter, and Arnold J. Heidenheimer. 1981. *The Development of Welfare States in Europe and America*. Transaction Books.
- Foster, Emma Ann, Peter Kerr, and Christopher Byrne. 2014. "Rolling Back to Roll Forward: Depoliticisation and the Extension of Government." *Policy & Politics* 42 (2).
- Freeman, John P., and Stewart L. Brown. 2006. "Mutual Fund Advisory Fees: The Cost of Conflicts of Interest."
- FSCP. 2014. "Investment Costs – More than Meets the Eye." Financial Services Consumer Panel.
- Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*. Cambridge Studies in Comparative Politics. Cambridge University Press,.

- Garritzmann, Julian, Silja Hüsermann, Bruno Palier, and Christine Zollinger. 2017. "The World Politics of Social Investment." *LIEPP Working Paper* 64.
- Gelepithis, Margarita. 2014. *Explaining Trends towards Universal Coverage in Market-Heavy Pension Systems*.
- Gilbert, Neil. 2002. *Transformation of the Welfare State: The Silent Surrender of Public Responsibility*. Oxford University Press.
- . 2005. "The 'Enabling State?' From Public to Private Responsibility for Social Protection: Pathways and Pitfalls." OECD.
- Gilbert, Neil, and Barbara Gilbert. 1989. *The Enabling State: Modern Welfare Capitalism in America*. New York: Oxford University Press.
- Gilbert, Neil, and Rebecca Van Voorhis. 2003. *Changing Patterns of Social Protection*. New Brunswick, NJ: Transaction Publishers.
- Gingrich, Jane. 2011. *Making Markets in the Welfare State: The Politics of Varying Market Reforms*. Cambridge: Cambridge University Press.
- Gingrich, Jane, and Silja Häusermann. 2015. "The Decline of the Working-Class Vote, the Reconfiguration of the Welfare Support Coalition and Consequences for the Welfare State." *Journal of European Social Policy* 25 (1): 50–75.
- Ginosar, Avshalom. 2014. "Public-Interest Institutionalism A Positive Perspective on Regulation." *Administration & Society* 46 (3): 301–17.
- Gisler, Thomas. 2010. *Solvency Tests for Pension Funds: An International Analysis with a Standard Model of a Solvency Test for Swiss Pension Funds*.
- Glennerster, Howard. 2009. *Understanding the Finance of Welfare : What Welfare Costs and How to Pay for It /*. 2nd ed. Policy Press,.
- Gough, Ian. 1979. *The Political Economy of the Welfare State*. London: Macmillan.
- Government of New Brunswick. 2013. "Rebuilding New Brunswick: The Case for Pension Reform."
- Granovetter, Mark. 1985. "Economic Action and Social Structure: The Problem of Embeddedness." *American Journal of Sociology* 91 (3): 481–510.
- Grech, Aaron George. 2013. "Assessing the Sustainability of Pension Reforms in Europe." *Journal of International and Comparative Social Policy* 29 (2): 143–62.
- Green-Pedersen, Christoffer. 2002. *The Politics of Justification: Party Competition and Welfare-State Retrenchment in Denmark and the Netherlands from 1982 to 1998*. Amsterdam: Amsterdam University Press.
- . 2004. "The Dependent Variable Problem within the Study of Welfare State Retrenchment: Defining the Problem and Looking for Solutions." *Journal of Comparative Policy Analysis* 6 (1): 3.

- — —. 2007. “Denmark: A ‘World Bank’ Pension System.” In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen M. Anderson, and Isabelle Schulze.
- Green-Pedersen, Christoffer, and Anders Lindbom. 2006. “Politics within Paths: Trajectories of Danish and Swedish Earnings-Related Pensions.” *Journal of European Social Policy* 16 (3).
- Greve, Bent. 2007. *Occupational Welfare : Winners and Losers*. Edward Elgar,.
- Gunsteren, Herman Van, and Martin Rein. 1985. “The Dialectic of Public and Private Pensions.” *Journal of Social Policy* 14 (2): 129–49.
- Hacker, Jacob S. 2002. *The Divided Welfare State : The Battle over Public and Private Social Benefits in the United States*. Cambridge University Press,.
- — —. 2004. “Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States.” *The American Political Science Review* 98 (2): 243–60.
- — —. 2008. *The Great Risk Shift: The New Economic Insecurity and the Decline of the American Dream*. Revised and expanded edition. Oxford: Oxford University Press.
- Hacker, Jacob S., and Paul Pierson. 2002. “Business Power and Social Policy: Employers and the Formation of the American Welfare State.” *Politics & Society* 30 (2): 277–325.
- Hall, Peter A., and David Soskice. 2001. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press.
- Harris, Margaret, and Colin Rochester. 2000. *Voluntary Organisations and Social Policy in Britain: Perspectives on Change and Choice*. Houndmills, Basingstoke, Hampshire ; New York: Palgrave.
- Harrison, Debbie, David Blake, and Kevin Dowd. 2012. “Caveat Venditor.” Pensions Institute.
- Hassel, Anke. 2014. “The Paradox of Liberalization — Understanding Dualism and the Recovery of the German Political Economy.” *British Journal of Industrial Relations* 52 (1): 57–81.
- Häusermann, Silja. 2006. “Changing Coalitions in Social Policy Reforms: The Politics of New Social Needs and Demands.” *Journal of European Social Policy* 16 (1): 5–21.
- — —. 2010. *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times*. Cambridge: Cambridge University Press.
- Häusermann, Silja, Georg Picot, and Dominik Geering. 2013. “Review Article: Rethinking Party Politics and the Welfare State – Recent Advances in the Literature.” *British Journal of Political Science* 43 (01): 221–240.

- Haverland, Markus. 2007. "When the Welfare State Meets the Regulatory State: EU Occupational Pension Policy." *Journal of European Public Policy* 14 (6): 886–904.
- — —. 2011. "Policies of the EU towards Occupational Pensions: Limits to Regulation." In *The New Regulatory State: Regulating Pensions in Germany and the UK*, by Lutz Leisering. Houndmills, Basingstoke, Hampshire, UK; New York: Palgrave Macmillan.
- Heclo, Hugh. 1974. *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance*. Yale Studies in Political Science ; 25. New Haven ; London: Yale University Press.
- Heller, Peter. 1998. "Rethinking Public Pension Reform Initiatives." *IMF Working Paper*.
- Helles, Pernille Lopdrup. 2012. "Bonus - Tildeling Af Bonus i Pensionsaftaler."
- Hemerijck, Anton. 2012. *Changing Welfare States*. Oxford University Press.
- Hering, Martin. 2003. "Institutional Interference in the European Union: The Stability Pact and the Reform of Public Pensions in Germany." In . Nashville.
- — —. 2004. *Rough Transition: Institutional Change in Germany's "Frozen" Welfare State*.
- — —. 2005. "Welfare Restructuring without Partisan Cooperation: The Role of Party Collusion in Blame Avoidance." *Social and Economic Dimensions of an Aging Population Research Papers*, Social and Economic Dimensions of an Aging Population Research Papers.
- Het Financieele Dagblad. 2011. "Inzichtelijk Pensioen; Als Fondsen Falen, Moet Overheid Ingrijpen." *Het Financieele Dagblad*, April 13, 2011.
- Hicks, Alexander M. 1999. *Social Democracy and Welfare Capitalism: A Century of Income Security Politics*. Ithaca (N.Y.) [etc.]: Cornell University Press.
- Hills, John. 2004. *Inequality and the State*. Oxford University Press.
- HM Treasury. 2002a. "Medium and Long Term Retail Savings in the UK: A Review (Sandler Review)."
- — —. 2002b. "Simplifying the Taxation of Pensions: Increasing Choice and Flexibility for All." HM Treasury - Inland Revenue.
- HM Treasury, and DWP. 2003. "Proposed Product Specifications for Sandler 'Stakeholder' Products - Consultation Document."
- House of Commons. 2008. "Public Bill Committee - Pensions Bill."
- — —. 2011. "Westminster Hall Debate on 'Pension Plan Charges' - 2011 December 7."
- — —. 2012. "House of Lords Debate on 'Pension Industry' - 2012 February 21."
- — —. 2013. "House of Commons Debate on 'Pensions Bill' - 2013 October 29."
- House of Commons Library. 2001. "Stakeholder Pensions." Research Paper 01/69. House of Commons Library.

- — — . 2003. *Memorandum Submitted by the Association of British Insurers (ABI) (PEN 45)*
 -- *Work and Pensions - Minutes of Evidence.*
- House of Lords. 2011. "House of Lords Debate on 'Pensions Bill' - 2011 July 12."
- — — . 2012. "House of Lords Debate on 'Pensions: Occupational Pensions' - 2012
 February 1."
- Howard, Christopher. 1997. *The Hidden Welfare State: Tax Expenditures and Social Policy
 in the United States.* Princeton University Press.
- Huber, Evelyne, and John D. Stephens. 2001. *Development and Crisis of the Welfare State :
 Parties and Policies in Global Markets.* Chicago: The University of Chicago Press.
- Hyde, Mark, John Dixon, and Glenn Drover. 2007. "Assessing the Capacity of Pension
 Institutions to Build and Sustain Trust: A Multidimensional Conceptual Framework."
Journal of Social Policy 36 (03): 457–75.
- Hyde, Mark, and John E. Dixon. 2008. *Social Security - Market, State and Associations in
 Retirement Provision.* New York: Edwin Mellen Press.
- IfG. 2010. "Pensions Reform: The Pensions Commission (2002-6)." Institute for
 Government.
- IMA. 2012a. "Fund Management Charges, Investment Costs and Performance." IMA
 Statistics Series. Investment Management Association.
- — — . 2012b. "Enhanced Disclosure of Fund Charges and Costs." Investment Management
 Association.
- — — . 2013. "IMA Response to DWP Consultation - 'Better Workplace Pensions: A
 Consultation on Charging.'" Investment Management Association.
- IMF. 2006. "Denmark - Technical Note: Pensions with Profit Contracts." International
 Monetary Fund.
- Immergut, Ellen M. 1992. *Health Politics : Interests and Institutions in Western Europe.*
 Cambridge Studies in Comparative Politics. Cambridge: Cambridge University Press.
- — — . 2010. "Political Institutions." In *The Oxford Handbook of the Welfare State*, by
 Francis G. Castles, Jane Lewis, Stephan Leibfried, and Christopher Pierson. OUP
 Catalogue. Oxford University Press.
- Investment Week. n.d. "Stakeholder Take-up Slow."
- IPE. 1999. "Sweden: Trend Is Set to DC." *Investment & Pensions Europe*, October 1999.
- — — . 2002. "Low Riester Take-up May Mean Compulsory Pensions," July 31, 2002.
- — — . 2005a. "Mandatory Pension Saving an Open Question – Rürup," March 8, 2005.
- — — . 2005b. "ABA Report: Big 'Rise' in German Second Pillar Coverage," May 4, 2005.
- — — . 2005c. "German Government Hails 2nd-Pillar Figures," October 31, 2005.

- — — . 2006. “ABI Queries Turner on Pension Costs.” *Investment & Pensions Europe*, January 6, 2006.
 - — — . 2007a. “Industriens Maintains Yield despite Returns.” *Investment & Pensions Europe*, 2007.
 - — — . 2007b. “Politicians Fail to Deliver on Pensions,” May 2007.
 - — — . 2007c. “Tax Exemption End Will Cut Pension Provision - Afa,” May 24, 2007.
 - — — . 2008a. “Danish Pensions Cut Interest Rates to 2.5%.” *Investment & Pensions Europe*, 2008.
 - — — . 2008b. “PensionDanmark Loses 6.8% in Nine Months.” *Investment & Pensions Europe*, 2008.
 - — — . 2008c. “PensionDanmark Warns Investors of Market Woes.” *Investment & Pensions Europe*, 2008.
 - — — . 2009. “Strong Gains Allow Industriens to Pay 6%.” *Investment & Pensions Europe*, 2009. -
 - — — . 2010a. “Dutch Cover Ratios Rise to 109% - DNB.” *Investment & Pensions Europe*, 2010.
 - — — . 2010b. “Industriens Pension Active Investments Return 22.4% in 2009.” *Investment & Pensions Europe*, 2010.
 - — — . 2011. “PensionDanmark Delivers 10% After-Tax Return for Members.” *Investment & Pensions Europe*, 2011.
 - — — . 2012a. “DC in Europe: A Slow but Necessary Transition.” *Investment & Pensions Europe*, 2012.
 - — — . 2012b. “Half of Crisis Plans at Dutch Pension Funds ‘Sub-Standard.’” *Investment & Pensions Europe*, 2012.
 - — — . 2015a. “Germany Postpones Discussion on ‘Dutch-Style’ Pensions,” March 17, 2015.
 - — — . 2015b. “Expert Questions Legality of German Industry-Wide Pension Proposals.” *IPE*, April 9, 2015.
 - — — . 2015c. “German Government Backtracks on Industry-Wide Pension Reforms.” *IPE*, May 7, 2015.
 - — — . 2015d. “Defined Ambition Not Just an ‘Academic Exercise’ – Steve Webb,” June 8, 2015.
 - — — . 2017. “Coast Clear for First German Pure DC Plans from 2018.” *Investment & Pensions Europe*, July 10, 2017.
- Iversen, Torben. 2006. “Capitalism and Democracy.” In *Oxford Handbook of Political Science*.

- Iversen, Torben, and David Soskice. 2015. "Politics for Markets." *Journal of European Social Policy* 25 (1): 76–93.
- Jackson, Gregory, and Sigurt Vitols. 2001. "Between Financial Commitment, Market Liquidity and Corporate Governance. Occupational Pensions in Britain, Germany, Japan and the USA." In *Comparing Welfare Capitalism : Social Policy and Political Economy in Europe, Japan and the USA*, by Bernhard Ebbinghaus and Philip Manow. Routledge/EUI Studies in the Political Economy of the Welfare State. Routledge.
- Jacobs, Alan M. 2008. "The Politics of When: Redistribution, Investment and Policy Making for the Long Term." *British Journal of Political Science* 38 (02): 193–220.
- — —. 2011. *Governing for the Long Term : Democracy and the Politics of Investment*. Cambridge ; New York: Cambridge University Press.
- Jochem, Sven, and Isabelle Schulze. 2007. "Germany: Beyond Policy Gridlock." In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen Anderson, and Isabelle Schulze. Oxford ; New York: Oxford University Press.
- Johnson, Norman. 1999. *Mixed Economies of Welfare: A Comparative Perspective*. London: Prentice Hall Europe.
- Johnston, Alison, Andreas Kornelakis, and Costanza Rodriguez d'Acri. 2011. "Social Partners and the Welfare State: Recalibration, Privatization or Collectivization of Social Risks?" *European Journal of Industrial Relations* 17 (4): 349–64.
- Kaar, Robbert van het. 2004. "Occupational Pensions and Industrial Relations."
- Kapelle, Herman, and Lans Bovenberg. 2012. "Het Nieuwe Pensioencontract, Defined Ambition of Defined Contribution?" *Pensioen En Praktijk* 12.
- Kemmerling, Achim, and Michael Neugart. 2009. "Financial Market Lobbies and Pension Reform." *European Journal of Political Economy* 25 (2): 163–73.
- Kerr, Clark. 1960. *Industrialism and Industrial Man*. Cambridge: Harvard University Press.
- Kersbergen, Kees van. 1995. *Social Capitalism: A Study of Christian Democracy and the Welfare State*. London: Routledge.
- Kersbergen, Kees van. 2000. "The Declining Resistance of Welfare States to Change?" In *The Survival of the European Welfare State*, by Stein Kuhnle. Routledge.
- Kittel, Bernhard, and Herbert Obinger. 2003. "Political Parties, Institutions, and the Dynamics of Social Expenditure in Times of Austerity." *Journal of European Public Policy* 10 (1): 20–45.
- Korpi, Walter. 1983. *The Democratic Class Struggle*. Routledge & Kegan Paul,.

- — —. 1989. “Power, Politics, and State Autonomy in the Development of Social Citizenship: Social Rights During Sickness in Eighteen OECD Countries Since 1930.” *American Sociological Review* 54 (3): 309–28.
- Korpi, Walter, and Joakim Palme. 2003. “New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 Countries, 1975-95.” *American Political Science Review* 97 (3): 425–446.
- Krippner, Greta, Mark Granovetter, Fred Block, Nicole Biggart, Tom Beamish, Youtien Hsing, Gillian Hart, et al. 2004. “Polanyi Symposium: A Conversation on Embeddedness.” *Socio-Economic Review* 2 (1): 109–35.
- Le Grand, Julian. 1997. “Knights, Knaves or Pawns? Human Behaviour and Social Policy.” *Journal of Social Policy* 26 (2).
- Leibfried, Stephan, and Steffen Mau. 2008. *Welfare States: Construction, Deconstruction, Reconstruction*. Cheltenham: Edward Elgar Pub.
- Leimgruber, Matthieu. 2008. *Solidarity without the State?: Business and the Shaping of the Swiss Welfare State, 1890–2000*. Cambridge: Cambridge University Press.
- — —. 2012. “The Historical Roots of a Diffusion Process: The Three-Pillar Doctrine and European Pension Debates (1972–1994).” *Global Social Policy* 12 (1).
- Leisering, Lutz. 2011. *The New Regulatory State: Regulating Pensions in Germany and the UK*. Houndmills, Basingstoke, Hampshire, UK; New York: Palgrave Macmillan.
- Levy, Jonah. 1999. “Vice into Virtue? Progressive Politics and Welfare Reform in Continental Europe.” *Politics & Society* 27 (2): 239–73.
- — —. 2010. “Welfare Retrenchment.” In *The Oxford Handbook of the Welfare State*, by Francis G. Castles, Jane Lewis, Stephan Leibfried, and Christopher Pierson. OUP Catalogue. Oxford University Press.
- Liberal Democrats. 2015. “Manifesto 2015 - Stronger Economy. Fairer Society. Opportunity for Everyone.”
- Lindblom, Charles. 1977. *Politics and Markets : The World’s Political and Economic Systems*. New York: Basic Books.
- Lindert, Peter. 2002. “Why the Welfare Looks Like a Free Lunch.” *University of California at Davis, Department of Economics, Working Papers, 2002* 2 (7).
- Lindert, Peter H. 2004. *Growing Public: Social Spending and Economic Growth since the Eighteenth Century Volume 2 Further Evidence*. Cambridge: Cambridge University Press.
- Lundsgaard, Jens. 2002. “Competition and Efficiency in Publicly Funded Services.” OECD Economics Department Working Papers 331. <https://doi.org/10.1787/282126010667>.

- Lynes, Tony. 1997. "The British Case." In *Enterprise and the Welfare State*, by Martin Rein and Eskil Wadensjö. Cheltenham, UK ; Lyme, NH, US: EElgar Pub.
- Mabbett, Deborah. 2011. "The Regulatory Politics of Private Pensions in the UK and Germany." In *The New Regulatory State: Regulating Pensions in Germany and the UK*, edited by Lutz Leisering. Houndmills, Basingstoke, Hampshire, UK; New York: Palgrave Macmillan.
- — —. 2012. "The Ghost in the Machine Pension Risks and Regulatory Responses in the United States and the United Kingdom." *Politics & Society* 40 (1): 107–29.
- Madrid, Raúl L. 2003. *Retiring the State : The Politics of Pension Privatization in Latin America and Beyond /*. Stanford University Press,.
- Mahoney, James, and Kathleen Thelen. 2010. *Explaining Institutional Change: Ambiguity, Agency, and Power*. Cambridge ; New York: Cambridge University Press.
- MailOnline. 2015. "What Do Politicians Claim They Will Do for You? A General Election Guide to the Battle for Your Finances," April 20, 2015.
- Mair, Peter. 2009. "Representative versus Responsible Government." *MPIfG Working Paper* 9 (8): 21.
- March, James G., and Johan P. Olsen. 1984. "The New Institutionalism: Organizational Factors in Political Life." *The American Political Science Review* 78 (3): 734–49.
- Mares, Isabela. 2001. "Firms and the Welfare State: When, Why, and How Does Social Policy Matter to Employers?" In *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, by Peter A. Hall and David Soskice. Oxford University Press.
- — —. 2003. *The Politics of Social Risk : Business and Welfare State Development*. Cambridge ; New York: Cambridge University Press.
- Marier, Patrik. 2012. "Squeezing Social Partners to Embrace Reforms: The Case of Private Earnings-Related Pension Schemes." *Global Social Policy* 12 (3): 316–31.
- Marsland, David. 1996. *Welfare or Welfare State? - Contradictions and Dilemmas in Social Policy*. Palgrave Macmillan, London.
- Martin, Randy. 2002. *Financialization of Daily Life*. Philadelphia, PA: Temple University Press.
- McCarthy, Michael A., Ville-Pekka Sorsa, and Natascha van der Zwan. 2016. "Investment Preferences and Patient Capital: Financing, Governance, and Regulation in Pension Fund Capitalism." *Socio-Economic Review*.
- Meyer, Traute, and Paul Bridgen. 2012. "Business, Regulation and Welfare Politics in Liberal Capitalism." *Policy & Politics* 40 (3): 387–403.

- Meyer, Traute, Paul Bridgen, and Barbara Riedmüller. 2007. *Private Pensions versus Social Inclusion? Non-State Provision for Citizens at Risk in Europe*. Cheltenham, UK ; Northampton, MA: Edward Elgar.
- Ministerie van Sociale Zaken en Werkgelegenheid. 2006. *Pensioen- En Spaarfondsenwet*.
 — — — . 2010. “Rapport: Een sterke tweede pijler, Naar een toekomstbestendig stelsel van aanvullende pensioenen (Commissie Goudswaard).” Rapport.
 — — — . 2013a. “Nieuwsbericht: Consultatie nieuwe spelregels voor pensioenfondsen - Nieuwsbericht - Rijksoverheid.nl.” Nieuwsbericht.
 — — — . 2013b. “Consultatie Wet invoering reële ambitieovereenkomst.” Consultatie.
 — — — . 2013c. “Memorie van Toelichting: Consultatie Wet invoering reële ambitieovereenkomst.” Consultatie.
 — — — . 2015. “Kamerbrief Hoofdpijnen van Een Toekomstbestendig Pensioenstelsel.”
 — — — . 2016. “Perspectiefnota Toekomst Pensioenstelsel.”
- Ministry of Social Affairs. 2002. “National Strategy Report on the Danish Pension System 2002.”
 — — — . 2005. “National Strategy Report on the Danish Pension System 2005.”
- Mirrlees, James A. 2006. *Welfare, Incentives, and Taxation*. Oxford: Oxford University Press.
- Mishra, Ramesh. 1999. *Globalization and the Welfare State*. Edward Elgar Publishing.
- Mitchell, Olivia S., and Annamaria Lusardi. 2011. *Financial Literacy: Implications for Retirement Security and the Financial Marketplace*. Oxford University Press.
- Moene, Karl Ove, and Michael Wallerstein. 2001. “Inequality, Social Insurance, and Redistribution.” *American Political Science Review* 95 (4): 859–74.
- Moloney, Niamh. 2010. “Financial Services and Markets.” In *The Oxford Handbook of Regulation*, by Robert Baldwin, Martin Cave, and Martin Lodge, 1st ed. Oxford University Press.
- Moran, Michael, and Isabelle Schulze. 2007. “United Kingdom: Pension Politics in an Adversarial System.” In *The Handbook of West European Pension Politics*, edited by Ellen M. Immergut, Karen M. Anderson, and Isabelle Schulze. Oxford ; New York: Oxford University Press.
- Morel, Nathalie, Bruno Palier, and Joakim Palme. 2012. *Towards a Social Investment Welfare State?*
- Müller, Katharina. 2003. *Privatising Old-Age Security : Latin America and Eastern Europe Compared*. Edward Elgar,.
- Munnell, Alicia Haydock. 2006. “Employer-Sponsored Plans: The Shift from Defined Benefit to Defined Contribution.” In *Oxford Handbook of Pensions and Retirement Income*,

- edited by Gordon L. Clark, Alicia Haydock Munnell, and Michael Orszag. Oxford Handbooks in Business and Management. Oxford: Oxford University Press.
- Munnell, Alicia Haydock, and Steven A. Sass. 2013. "New Brunswick's New Shared Risk Pension Plan." Center for Retirement Research at Boston College.
- Myles, John, and Paul Pierson. 2001. "The Comparative Political Economy of Pension Reform." In *The New Politics of the Welfare State*, edited by Paul Pierson, 305–33. Oxford University Press.
- Naczyk, Marek. 2013. "Agents of Privatization? Business Groups and the Rise of Pension Funds in Continental Europe." *Socio-Economic Review* 11 (3): 441–69.
- — —. 2016. "Creating French-Style Pension Funds: Business, Labour and the Battle Over Patient Capital." *Journal of European Social Policy*.
- — —. 2018. "When Finance Captures Labor's Capital: Dominant Personal Pensions, Resurgent Occupational Provision in Central and Eastern Europe." *Social Policy & Administration* 52 (2): 549–62.
- Naczyk, Marek, and Stefan Domonkos. 2016. "The Financial Crisis and Varieties of Pension Privatization Reversals in Eastern Europe." *Governance* 29 (2): 167–84.
- Naczyk, Marek, and Bruno Palier. 2015. "Feed the Beast: Finance Capitalism and the Spread of Private Retirement Accounts in Western Europe."
- NAPF. 2011. "Press Release: Greater Clarity on Pension Charges Needed Ahead of Auto-Enrolment." National Association of Pension Funds.
- — —. 2012. "Pension Charges Made Clear: Joint Industry Code of Conduct Telling Employers about DC Pension Charges."
- Natali, David. 2007. "Pensions OMC: Why Did It Emerge and How Does It Evolve?" *Working Paper*.
- — —. 2009. "The Open Method of Coordination on Pensions: Does It De-Politicise Pensions Policy?" *West European Politics* 32 (4): 810–28.
- Niskanen, William A. 1971. *Bureaucracy and Representative Government*. Transaction Publishers.
- NRC Handelsblad. 2013. "CPB: Collectief Pensioen Benadeelt Jongeren - 'Zeer Explosief Rapport.'" *Nrc.Nl*, December 20, 2013.
- — —. 2017. "SER Dicht Bij Compromis Pensioenen." *NRC Handelsblad*, March 23, 2017.
- Nullmeier, Frank, and Franz-Xafer Kaufmann. 2010. "Post-War Welfare State Development." In *The Oxford Handbook of the Welfare State*, by Francis G. Castles, Jane Lewis, Stephan Leibfried, and Christopher Pierson. OUP Catalogue. Oxford University Press.

- OECD. 2009. *OECD Private Pensions Outlook 2008*. Paris: Organisation for Economic Co-operation and Development.
- — —. 2013. “OECD Pensions at a Glance 2013.” Paris: Organisation for Economic Co-operation and Development.
- — —. 2015. “OECD Pensions at a Glance.” 1995–4026. Paris: Organisation for Economic Co-operation and Development.
- Offe, Claus. 1984. *Contradictions of the Welfare State*. London: Hutchinson.
- OFT. 2013. “Defined Contribution Workplace Pension Market Study.” Office of Fair Trading.
- Okun, Arthur. 1975. *Equality and Efficiency, the Big Tradeoff*. Washington: The Brookings Institution.
- Oliver Wyman and Co. 2001. “The Future Regulation of UK Savings and Investment: Targeting the Savings Gap.”
- Olson, Mancur. 1965. *The Logic of Collective Action*. Harvard University Press.
- Orenstein, Mitchell A. 2008. *Privatizing Pensions : The Transnational Campaign for Social Security Reform /*. Princeton University Press,.
- — —. 2009. *Pensions, Social Security, and the Privatization of Risk*. The Columbia University Press and Social Science Research Council Series on the Privatization of Risk. New York: Columbia University Press.
- Orszag, Peter. 1999. “Individual Accounts and Social Security: Does Social Security Really Provide a Lower Rate of Return.” Center on Budget and Policy Priorities.
- Orszag, Peter, and Joseph E. Stiglitz. 2001. “Rethinking Pension Reform: 10 Myths About Social Security Systems.” In *New Ideas about Old Age Security: Toward Sustainable Pension Systems in the 21st Century*, by Robert Holzmann. Washington, DC: World Bank.
- Palier, Bruno, ed. 2010. *A Long Goodbye to Bismarck?* Amsterdam University Press.
- Pavolini, Emmanuele, and Martin Seeleib-Kaiser. 2016. “Comparing Occupational Welfare in Europe: The Case of Occupational Pensions.” *Observatoire social européen*.
- Pedersen, Axel West. 2004. “The Privatization of Retirement Income? Variation and Trends in the Income Packages of Old Age Pensioners.” *Journal of European Social Policy* 14 (1): 5–23.
- Peltzman, Sam. 1976. “Toward a More General Theory of Regulation.” *Journal of Law and Economics* 19.
- Pemberton, Hugh, Pat Thane, and Noel Whiteside. 2006. *Britain’s Pensions Crisis: History and Policy*. British Academy.

- Pensions Commission. 2004. "Pensions: Challenges and Choices - The First Report of the Pensions Commission." Pensions Commission.
- — — . 2005. "A New Pension Settlement for the Twenty-First Century - The Second Report of the Pensions Commission." Pensions Commission.
- — — . 2006. "Implementing an Integrated Package of Pension Reforms: The Final Report of the Pensions Commission." Pensions Commission.
- Pierson, Paul. 1994. *Dismantling the Welfare State? : Reagan, Thatcher, and the Politics of Retrenchment*. Cambridge Studies in Comparative Politics. Cambridge University Press,.
- — — . 1996. "The New Politics of the Welfare State." *World Politics* 48 (2): 143–79.
- — — . 2001a. "Coping with Permanent Austerity. Welfare State Restructuring in Affluent Democracies." In *The New Politics of the Welfare State*, by Paul Pierson, 238–64. Oxford [England] ; New York: Oxford University Press.
- — — . 2001b. *The New Politics of the Welfare State*. Oxford [England] ; New York: Oxford University Press.
- Pitt-Watson, David, and Hari Mann. 2012a. "Collective Pensions in the UK." RSA.
- Pitt-Watson, David, and Harinder Mann. 2012b. "Seeing through British Pensions - How to Increase Cost Transparency in UK Pension Schemes." RSA.
- Polackova, Hana. 1998. "Contingent Government Liabilities: A Hidden Risk for Fiscal Stability." *World Bank Policy Research Working Paper*.
- Polanyi, Karl. 1957. *The Great Transformation*. Vol. BP 45. Beacon Paperbacks. Beacon Press.
- Porte, Caroline de la, and Patrizia Nanz. 2004. "OMC- A Deliberative- Democratic Mode of Governance?: The Cases of Employment and Pensions." *Journal of European Public Policy* 11 (2): 267–88.
- Porte, Caroline de la, and Philippe Pochet. 2012. "Why and How (Still) Study the Open Method of Co-Ordination (OMC)?" *Journal of European Social Policy* 22 (3): 336–49.
- Powell, Martin A. 2007. *Understanding the Mixed Economy of Welfare*. Understanding Welfare. Bristol, UK: Policy Press/Social Policy Association.
- Przeworski, Adam. 1980. "Material Interests, Class Compromise, and the Transition to Socialism." *Politics & Society* 10 (2): 125–53.
- Przeworski, Adam, and Michael Wallerstein. 1988. "Structural Dependence of the State on Capital." *The American Political Science Review* 82 (1): 11–29.

- Pugh, Colin, and Juan Yermo. 2008. "Funding Regulations and Risk Sharing." OECD Working Papers on Insurance and Private Pensions. Paris: Organisation for Economic Co-operation and Development.
- Rehm, Philipp. 2009. "Risks and Redistribution: An Individual-Level Analysis." *Comparative Political Studies* 42 (7): 855–81.
- Rehm, Philipp, Jacob S. Hacker, and Mark Schlesinger. 2012. "Insecure Alliances: Risk, Inequality, and Support for the Welfare State." *American Political Science Review* 106 (2): 386–406.
- Reiche, Stefanie. 2014. "Pensions in Germany: Overview." Employment and Employee Benefits Multi-Jurisdictional Guide 2013/14. Association of Corporate Counsel.
- Rein, Martin, and Lee Rainwater. 1986. *Public/Private Interplay in Social Protection: A Comparative Study*. Comparative Public Policy Analysis Series. Armonk, N.Y.: M.E. Sharpe.
- Riester, Walter. 2004. *Mut Zur Wirklichkeit*. Düsseldorf: Droste Verlag.
- Rijksoverheid. 2009. "Donner Wil Brede Aanpak Financiële Problematiek Pensioenfondsen."
- Ring, Patrick. 2005. "Trust in UK Pensions Policy: A Different Approach?" *Policy & Politics* 33 (1): 55–74.
- . 2012. "Trust: A Challenge for Private Pension Policy." *Journal of Comparative Social Welfare* 28 (2): 119–28.
- Rodrik, Dani. 1998. "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106 (5): 997–1032.
- Ross, Fiona. 2000. "'Beyond Left and Right': The New Partisan Politics of Welfare." *Governance* 13 (2): 155–83.
- RSA. 2009. "Pensions for the People: Addressing the Savings and Investment Crisis in Britain." RSA.
- . 2010. "Tomorrow's Investor: Building the Consensus for a People's Pension in Britain." RSA.
- Scharpf, Fritz. 2000. "The Viability of Advanced Welfare States in the International Economy: Vulnerabilities and Options." *Journal of European Public Policy* 7 (2).
- Scharpf, Fritz, and Vivien Ann Schmidt. 2000. *Welfare and Work in the Open Economy*. Oxford ; New York: Oxford University Press.
- Schelkle, Waltraud. forthcoming. "EU Pension Policy and Financialisation: Purpose without Power?" *Journal of European Public Policy*.
- . 2012. "In the Spotlight of Crisis: How Social Policies Create, Correct, and Compensate Financial Markets." *Politics & Society* 40 (1): 3–8.

- Schludi, Martin. 2005. *The Reform of Bismarckian Pension Systems: A Comparison of Pension Politics in Austria, France, Germany, Italy and Sweden*. Amsterdam University Press.
- Schmidt, Vivien A. 2009. "Putting the Political Back into Political Economy by Bringing the State Back in Yet Again." *World Politics* 61 (3): 516–46.
- Schols-van Oppen, Emilie. 2009. *The Franchise in Pensioenregelingen*. Nijmegen: Wolf Legal Publishers.
- Schwartz, Herman. 2001. "Round Up the Usual Suspects!: Globalization, Domestic Politics, and Welfare State Change." In *The New Politics of the Welfare State*, edited by Paul Pierson, 17–44. Oxford University Press.
- Secretary of State for Social Security. 1998. "A New Contract for Welfare: Partnership in Pensions." Cm 4179.
- Seeleib-Kaiser, Martin, and Timo Fleckenstein. 2009. "The Political Economy of Occupational Family Policies: Comparing Workplaces in Britain and Germany." *British Journal of Industrial Relations* 47 (4): 741–64.
- Seeleib-Kaiser, Martin, Adam Saunders, and Marek Naczyk. 2012. "Shifting the Public-Private Mix." In *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*, edited by Patrick Emmenegger, Silja Häusermann, Bruno Palier, and Martin Seeleib-Kaiser, 151–75. Oxford University Press.
- Seldon, Arthur, ed. 1996. *Re-Privatising Welfare: After the Lost Century*. Institute of Economic Affairs.
- Select Committee on Treasury. 2004a. "Examination of Witnesses (Questions 2080-2099)." House of Commons.
<https://publications.parliament.uk/pa/cm200304/cmselect/cmtreasy/71/4062805.htm>.
- . 2004b. "Examination of Witnesses (Questions 2190-2139)." House of Commons.
- Shalev, Michael, ed. 1996. *The Privatization of Social Policy?: Occupational Welfare and the Welfare State in America, Scandinavia, and Japan*. Houndmills, Basingstoke, Hampshire : New York: Macmillan Press ; St. Martin's Press.
- Sier, Christopher. 2016. "The Drive towards Cost Transparency in UK Pension Funds." Financial Services Consumer Panel.
- Skipevag, Mari Flogstad, and Ingrid Haugseng. 2013. "The Removal of Interest Rate Guarantees in Life Insurance- and Pension Companies."
- Skocpol, Theda. 1985. "Bringing the State Back In: Strategies of Analysis in Current Research." In *Bringing the State Back In*, edited by Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, 3–38. Cambridge: Cambridge University Press.

- — —. 1992. *Protecting Soldiers and Mothers the Political Origins of Social Policy in the United States*. Cambridge, Mass. ; London: Belknap.
- — —. 2008. “Bringing the State Back In: Retrospect and Prospect The 2007 Johan Skytte Prize Lecture.” *Scandinavian Political Studies* 31 (2): 109–24.
- Skocpol, Theda, and Edwin Amenta. 1986. “States and Social Policies.” *Annual Review of Sociology* 12: 131–57.
- Sørensen, Ole Beier, and Chresten Dingsøe. 2011. “Peer Review - Balancing the Security and Affordability of Funded Pension Schemes, The Netherlands.”
- SPC. 2006. “Current and Prospective Theoretical Pension Replacement Rates.” Social Protection Committee.
- Stalker, Kirsten, ed. 2002. *Reconceptualising Work with “Carers”: New Directions for Policy and Practice*. London ; Philadelphia: Jessica Kingsley Publishers.
- Starke, Peter. 2006. “The Politics of Welfare State Retrenchment: A Literature Review.” *Social Policy & Administration* 40 (1): 104–120.
- Steenbeek, O. W., and S. G. van der Lecq, eds. 2007. *Costs and Benefits of Collective Pension Systems*. Berlin ; New York: Springer.
- Stewart, Fiona. 2010. “Pension Funds’ Risk-Management Framework.” OECD Working Papers on Insurance and Private Pensions. Paris: Organisation for Economic Co-operation and Development.
- Stigler, George J. 1971. “The Theory of Economic Regulation.” *The Bell Journal of Economics and Management Science* 2 (1): 3–21. <https://doi.org/10.2307/3003160>.
- Streeck, Wolfgang. 2009. *Re-Forming Capitalism*. Oxford University Press.
- Süddeutsche Zeitung. 1999a. “Riester Will Rentenerhöhung an Inflationsrate Binden.” *Süddeutsche Zeitung*, June 16, 1999.
- — —. 1999b. “Grüne Lehnen Riesters Rentenpläne Ab.,” June 17, 1999.
- — —. 1999c. “Riester Scheitert Mit Seinem Rentenplan,” June 18, 1999.
- Swank, Duane. 2002. *Global Capital, Political Institutions, and Policy Change in Developed Welfare States*. Cambridge Studies in Comparative Politics. Cambridge, New York: Cambridge University Press.
- Swenson, Peter. 2002. *Capitalists against Markets: The Making of Labour Markets and Welfare States in the United States and Sweden*. Oxford University Press.
- Tanzi, Vito. 2002. “Globalization and the Future of Social Protection.” *Scottish Journal of Political Economy* 49 (1): 116–127.
- Taylor-Gooby, Peter. 1999. “Markets and Motives Trust and Egoism in Welfare Markets.” *Journal of Social Policy* 28 (01): 97–114.
- — —. 2000. *Risk, Trust and Welfare*. New York: Palgrave Macmillan.

- — — . 2004. *New Risks, New Welfare : The Transformation of the European Welfare State*. Oxford ; New York: Oxford University Press.
- — — . 2005. “Uncertainty, Trust and Pensions: The Case of the Current UK Reforms.” *Social Policy & Administration* 39 (3): 217–32.
- Thaler, Richard H., and Cass R. Sunstein. 2008. *Nudge: Improving Decisions about Health, Wealth, and Happiness*. New Haven: Yale University Press.
- The Conservative Party. 2015. “The Conservative Party Manifesto 2015 - Strong Leadership, A Clear Economic Plan, A Brighter, More Secure Future.”
- The Guardian. 1998. “Germans Offered 100-Day Rescue.” August 21, 1998.
- — — . 2002a. “Sandler’s Answer to the Pensions Gap.” *The Guardian*, July 9, 2002, sec. Money.
- — — . 2002b. “Now Saving’s as Simple as Buying Apples. But Where’s the Carrot?” *The Guardian*, July 10, 2002, sec. Money.
- — — . 2002c. “Saving Our Savings.” *The Guardian*, July 10, 2002, sec. Money.
- — — . 2002d. “Stakeholder Pensions Flop,” November 23, 2002.
- — — . 2004a. “Equitable Life: The Issue Explained,” March 8, 2004.
- — — . 2004b. “Anger at Lifting of 1% Fee Cap on Savings.” *The Guardian*, June 18, 2004.
- The Independent. 2004. “Treasury Poised to Give in to Life Insurers on 1% Price Cap.” *The Independent*, June 11, 2004.
- — — . 2011. “Pensions System in ‘urgent Need’ of Reform.” *The Independent*, August 1, 2011.
- The Labour Party. 2015. “The Labour Party Manifesto 2015 - Britain Can Be Better.”
- The Telegraph. 2000a. “Blair Rocked by Pensions Defeat,” September 27, 2000.
- — — . 2000b. “The Frantic Rush to Fix a Deal on Pensions,” September 27, 2000.
- — — . 2001a. “Pensions Show ‘worrying’ Funding Gap,” August 14, 2001.
- — — . 2001b. “Actuaries Cry Foul over Pensions,” August 22, 2001.
- — — . 2002. “The Pitfalls of Pickering,” July 17, 2002.
- — — . 2013. “Superiority of Dutch Pensions Called into Question.” *Telegraph.Co.Uk*, May 11, 2013, sec. personalfinance.
- Thelen, Kathleen, and Wolfgang Streeck, eds. 2005. *Beyond Continuity : Institutional Change in Advanced Political Economies*. Oxford University Press.
- Thurley, Djuna. 2014. “Defined Ambition Pension Schemes.” House of Commons Library.
- Titmuss, Richard. 1958. *Essays on “The Welfare State.”* London.
- Trampusch, Christine. 2006. “Industrial Relations and Welfare States: The Different Dynamics of Retrenchment in Germany and the Netherlands.” *Journal of European Social Policy* 16 (2): 121–33.

- — — . 2007. “Industrial Relations as a Source of Social Policy: A Typology of the Institutional Conditions for Industrial Agreements on Social Benefits.” *Social Policy & Administration* 41 (3): 251–270.
- — — . 2008. “Solidarity Revisited: Collective Agreements on Pensions in Denmark, France, the Netherlands and Germany.” In *Social Security - Market, State and Associations in Retirement Provision*, by Mark Hyde and John E. Dixon. New York: Edwin Mellen Press.
- — — . 2009. “Collective Agreements on Pensions as a Source of Solidarity.” *Journal of Comparative Social Welfare* 25 (2): 99–107.
- — — . 2018. “A State-Centred Explanation of the Finance-Pension Nexus: New Zealand’s Pension Reforms as a Typical Case.” *Social Policy & Administration* 52 (1): 343–64.
- Trampusch, Christine, Pierre Eichenberger, Micha de Roo, Robin Bartlett Rissi, Isabelle Bieri, Laura Schmid, and Simon Stainlin. 2010. “Pensions in Denmark.” SNF-Project 100012–119898. *The Privatization of Welfare States: Industrial Relations as a Source of Benefits*.
- Trimberger, Ellen Kay. 1978. *Revolution from above: Military Bureaucrats and Development in Japan, Turkey, Egypt, and Peru*. New Brunswick, N.J, New Brunswick: Transaction Books.
- Trouw. 2014. “CDA Wil Jongeren Niet Langer Extra Laten Betalen Voor Pensioen Ouderen.” *Trouw*, January 14, 2014. <http://s.trouw.nl/3577167>.
- Trumbull, Gunnar. 2012. *Strength in Numbers : The Political Power of Weak Interests*. Cambridge, Mass: Harvard University Press.
- Turner, John. 2014. “Hybrid Pensions: Risk Sharing Arrangements for Pension Plan Sponsors and Participants.” Society of Actuaries.
- UK Parliament. 2012. “Risk Sharing and Defined Ambition Pension Schemes.” UK Parliament.
- Vickerstaff, Sarah, Jan Macvarish, Peter Taylor-Gooby, Wendy Loretto, and Tina Harrison. 2012. “Trust and Confidence in Pensions: A Literature Review.” Department for Work and Pensions.
- Vis, Barbara. 2010. *Politics of Risk-Taking : Welfare State Reform in Advanced Democracies*. Changing Welfare States. Amsterdam: Amsterdam University Press.
- Vogel, Steven Kent. 1998. *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries*. Cornell Studies in Political Economy. Ithaca, NY: Cornell University Press.
- Weaver, R. Kent. 1986. “The Politics of Blame Avoidance.” *Journal of Public Policy* 6 (4): 371–98.

- Wehlau, Diana. 2009. *Lobbyismus und Rentenreform: Der Einfluss der Finanzdienstleistungsbranche auf die Teil-Privatisierung der Alterssicherung*. Springer-Verlag.
- Weir, Margaret. 2002. "Theda Skocpol: 'Probing the Institutional Roots of Politics.'" *PS: Political Science and Politics* 35 (4): 769–72.
- Weir, Margaret, and Theda Skocpol. 1983. "State Structures and Social Keynesianism: Responses to the Great Depression in Sweden and the United States." *International Journal of Comparative Sociology; Leiden* 24 (January): 4–29.
- Whitehouse, Edward. 2001. "Administrative Charges for Funded Pensions: An International Comparison and Assessment." OECD.
- — —. 2009. "Pensions during the Crisis: Impact on Retirement-Income Systems and Policy Responses."
- Whitehouse, Edward, Anna Cristina D'Addio, and Andrew Reilly. 2009. "Investment Risk and Pensions: Impact on Individual Retirement Incomes and Government Budgets." OECD.
- Whiteside, Noel. 2002. "Constructing the Public-Private Divide - Historical Perspectives and the Politics of Pension Reform." *Oxford Institute of Ageing Working Papers* WP102.
- — —. 2006a. "Adapting Private Pensions to Public Purposes: Historical Perspectives on the Politics of Reform." *Journal of European Social Policy* 16 (1): 43–54.
- — —. 2006b. "Private Pensions and Public Policy: The Public-Private Divide Reappraised." In *Oxford Handbook of Pensions and Retirement Income*, edited by Gordon L. Clark, Alicia Haydock Munnell, and Michael Orszag. Oxford Handbooks in Business and Management. Oxford: Oxford University Press.
- — —. 2010. "Creating Public Value: The Theory of the Convention." In *Public Value*, by John Benington and Mark Moore.
- Wilensky, Harold. 1975. *The Welfare State and Equality : Structural and Ideological Roots of Public Expenditures*. Berkeley ; London: University of California Press.
- Wincott, Daniel. 2003. "Beyond Social Regulation? New Instruments and/or a New Agenda for Social Policy at Lisbon?" *Public Administration* 81 (3): 533–53.
- Wiß, Tobias. 2012. "Pension Privatization in Bismarckian Countries: The Role of Social Partners as Veto Players." *Politische Vierteljahresschrift* 53 (3): 467–92.
- — —. 2015a. "From Welfare States to Welfare Sectors: Explaining Sectoral Differences in Occupational Pensions with Economic and Political Power of Employees." *Journal of European Social Policy* 25 (5): 489–504.
- — —. 2015b. "Pension Fund Vulnerability to the Financial Market Crisis: The Role of Trade Unions." *European Journal of Industrial Relations* 21 (2): 131–47.

- Wood, Andrew, Dominika Wintersgill, and Niall Baker. 2012. "Pension Landscape and Charging: Quantitative and Qualitative Research with Employers and Pension Providers." Policy Research Institute.
- Work and Pensions Committee. 2003. "Third Report of the Work and Pensions Committee - The Future of UK Pensions." House of Commons.
- — —. 2012. "Automatic Enrolment in Workplace Pensions and the National Employment Savings Trust - Eighth Report of Session 2010–12 - Volume I: Report, Together with Formal Minutes, Oral and Written Evidence." House of Commons.
- — —. 2013. "Improving Governance and Best Practice in Workplace Pensions - Sixth Report of Session 2012–13 - Volume II - Oral and Written Evidence." House of Commons.
- World Bank. 1994. *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth*. A World Bank Policy Research Report. Oxford ; New York: Published for the World Bank [by] Oxford University Press.
- Yerkes, Mara, and Kea Tijdens. 2010. "Social Risk Protection in Collective Agreements: Evidence from the Netherlands." *European Journal of Industrial Relations* 16 (4): 369–83.
- — —. 2012. "Corporatism and the Mediation of Social Risks - The Interaction between Social Security and Collective Labour Agreements." In *The Transformation of Solidarity: Changing Risks and the Future of the Welfare State*, by Romke van der Veen, Mara Yerkes, and Peter Achterberg. Changing Welfare States. Amsterdam: Amsterdam University Press.
- YouGov, and B&CE. 2015. "Pensions Survey."
- Zwan, Natascha van der. 2014. "Making Sense of Financialization." *Socio-Economic Review* 12 (1): 99–129.