EXPLAINING TRENDS TOWARDS UNIVERSAL COVERAGE IN MARKET-HEAVY PENSION SYSTEMS

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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).

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ABSTRACT

Market-heavy pension systems, in which low or moderate state benefits are topped up by private welfare arrangements, have long been expected not only to create dualisms, but also to fuel patterns of politics that perpetuate and even increase such dualisms over time. The starting point of this research is the observation that while some market-heavy pension systems indeed remain dualised in the post-industrial context, others have become more universal, either through changes to the structure of the state pension or through regulation to extend the coverage of private pensions.

My research objective is to explain the universalising changes that have occurred. I show that the very institutional features that are usually expected to lead to further dualisation, namely a reliance on market-based arrangements, the prevalence of targeting and limited earnings replacement, contribute to bringing about universalising reforms. In particular, I show how under certain conditions these institutional features help structure the policy preferences of key political actors such that those actors usually associated with the extension of state provision embrace market means, while those associated with private provision push for the expansion of the state pension.

I use fuzzy-set Qualitative Comparative Analysis (fsQCA) of nine market-heavy pension systems over the three decades since 1980 to map the combinations of causal conditions under which universalising reforms have occurred. In addition, I present case outlines linking the institutional conditions to the reform outcomes via the policy preferences of key political actors. In doing so I provide a causal logic that reinforces the results of the fsQCA and offers a substantial explanation for the introduction of universalising reform in some market-heavy systems, as well as for the absence of such reform in others.

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ABBREVIATIONS

AVI	Association of British Insurers
ALP	Australian Labor Party
ASFA	Association of Superannuation Funds of Australia
BCA	Business Council of Australia
CBI	Confederation of British Industry
CLP	Constituency Labour Party
CPP	Canada Pension Plan
fsQCA	Fuzzy-set Qualitative Comparative Analysis
FT	Financial Times
IFSA	Investment and Financial Services Association
IoD	Institute of Directors
NAPF	National Association of Pension Funds
NEC	National Executive Committee
QCA	Qualitative Comparative Analysis
SERPS	State Earnings Related Pension Scheme
S2P	Second State Pension
TGWU	Transport and General Workers Union
TUC	Trades Union Congress

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Chapter One

Universalism: what it is, why it matters, and why it is unexpected in contemporary market-heavy pension systems

The struggle to contain state spending in post-industrial societies has generated great interest in private pensions as a means of reducing public expenditure on what has long been the largest category of social transfer. Much emphasis has been placed on understanding the extent to which private pensions might be beneficial for economic growth and fiscal position, as well as the effect of private pensions on pensioner poverty and inequality.

At a time of great interest in private pensions it is however important to develop an understanding not only of their economic effects, by also of how they stratify social relations. How, in other words, does the role that private pensions play in a pension system affect who receives what type of benefits, and on what basis. Developing such an understanding is important not only for its own sake, but also because it allows us to understand the political dynamics that will affect the development of market-heavy pension systems for years to come.

Where private pensions are prevalent, it is widely expected that social rights will be fragmented or 'dualised' with different social groups entitled to receive benefits on different terms, and that this dualisation will persist over time with implications for inequality and the future evolution of the pension system. And yet, at a time when the fragmentation of social entitlements seems increasingly common, some pension systems which rely heavily on the market for the provision of retirement income have become more universal and less fragmented.

How did this happen? This is the question I seek to answer in this thesis. There is a need to reassess how market-heavy pension systems structure social relations, and the political dynamics that they generate. Before I start, I use this introductory chapter to discuss the key concepts and theoretical expectations upon which my research question is based. In section one I set out what is meant in this thesis by the terms universalism and dualisation, and in section two I explain why any trends towards more universal coverage would be surprising in market-heavy pension systems. The final section presents the argument and structure of the thesis.

1.1 Universalism and market-heavy welfare states

Universalism is a distributional principle. It determines eligibility to benefits or services in the event of the occurrence of some predefined social risk such as ill health, or the loss of income due to unemployment or retirement. A central feature of universalism is comprehensive coverage (Esping-Andersen, 1990, Scruggs and Allan, 2006, Titmuss, 1958, Anttonen et al., 2012). This means access to benefits and services for all those who face the relevant risk. In the rich world where social risks are addressed primarily within a framework of sovereign nation states, the universalist ideal is embodied most closely when eligibility to benefits is conditional on nothing but the occurrence of a particular risk and either citizenship or residence.

Where eligibility to benefits or services is based instead on contributions, coverage is usually conditional on employment and hence less than universal; the extent to which coverage is restricted depends on how tightly benefits are tied to contributions. Under such arrangements, a distinction can be drawn between welfare 'insiders' who have access to the contributory benefit, and welfare 'outsiders' with insufficient contributions records who do not (Seeleib-Kaiser et al., 2012). This distinction is the first of several 'dualisms' that are typically contrasted to the concept of universalism.

Means-tested benefits restrict coverage by targeting eligibility on the basis of need. The more tightly benefits and services are targeted on the poor, the fewer the people that are covered by them and the less universal they will be. Conversely, looser targeting of state benefits leads to more universal coverage. Means-testing may be the predominant organising principle for a certain benefit or service, or it may play a supplementary role, forming a social safety net to underpin contributory arrangements. In the latter case entitlement to means-tested benefits is gained as a last resort and is conditional on failure to build up entitlement to a specified minimum through 'normal' contributory means. Such supplements do not make the benefit system as a whole more universal. On the contrary, by allocating benefits to different categories of recipients according to different rules, contributory systems supplemented by means-tested safety nets constitute a second classic manifestation of dualism (Anttonen et al., 2012: 18).

The universalism of benefits or services is therefore seen in this thesis as varying continuously according to how much any needs-based or contributory arrangements a) restrict coverage or b) fragment the system and lead to different people receiving benefits under different rules. By making comprehensive, non-fragmented coverage the defining feature of universalism, I distance myself from theorists in the British tradition for whom universalism required not only inclusion within a common system, but also that benefits be flat-rate (most famously Beveridge, 1942) as well as from certain Nordic theorists for whom universalism is intrinsically linked with redistribution and equality of outcome (for instance Vabø and Szebehely, 2012). I do this because such interpretations are incompatible with the post-industrial context. The following paragraphs explain why this is the case.

In the post-industrial context, the distribution of income is broader and gives rise to a middle class for whom universal flat-rate benefits cannot preserve accustomed living standards. Old age pensions are a classic illustration of the consequences. In the absence of a contributory element to the state pension capable of providing earnings-related benefits, the middle classes tend to opt for a private pension supplement (Esping-Andersen, 1990, Korpi and Palme, 1998). The resulting reliance on voluntary private pensions results in a third manifestation of dualism, between those with access to private insurance and those without.

This form of dualism has been well documented. Since they began to develop in the late nineteenth century, private pensions have rarely covered more than half of the working population. Until deindustrialisation, the pattern of provision across countries was of a dualism between the largely white collar professionals who had access to private schemes, and the largely blue collar workers who depended on state benefits. Today, voluntary private pensions continue to be characterised by patchy coverage and access. Although there is an element of chance to whether an individual is covered by an occupational pension (Bridgen and Meyer, 2008), the uneven distribution of private pension coverage varies systematically by sector, with the manufacturing sector now displaying the best and the low-skilled service sector the worst coverage rates. Coverage increases steeply with income, and part-time workers and those in temporary contracts are also less likely to be enrolled in private pension plans (Organisation for Economic Co-operation and Development, 2012: 105, Seeleib-Kaiser et al., 2012). Such patterns of coverage do not only create a dualism of access to private pension arrangements. They also create a dualism of access to employer contributions, and a dualism of access to the tax subsidies with which governments incentivise private pensions (Esping-Andersen, 1990, Titmuss, 1958). From comparative data, it is clear that this type of fiscal welfare is very significant in magnitude (Yoo and de Serres, 2004).

Taking into account the dualisms that voluntary private pensions create and their inability to offer universal protection from social risks, Korpi, Palme, and Esping-Andersen adopt a pragmatic interpretation of universalism which departs from the ideal of citizenship-based benefits and makes an earnings-related element to state benefits crucial (Esping-Andersen, 1990, Korpi and Palme, 1998). In the *Three Worlds of Welfare Capitalism*, Esping-Andersen wrote how the 'Nordic solution' to the growing middle class was to provide 'a luxurious second tier, universally inclusive earnings-related insurance scheme on top of the flat-rate egalitarian one… by guaranteeing benefits tailored to expectations, this solution reintroduced benefit inequalities, but effectively blocks off the market. It thus succeeds in retaining universalism' (Esping-Andersen, 1990: 26). Korpi and Palme made a similar argument, explaining how the universalising 'encompassing model' of their typology 'combined flat-rate benefits based on citizenship with a full coverage of earnings-related benefits' to reduce the incentive for higher income groups to resort to dualising private insurance (Korpi and Palme, 1998).

Of course any contributory system based on earnings will inevitably fall short of full coverage and universal inclusivity. However the underlying assumption of these authors is that in a post-industrial context, middle class demands for pension arrangements that preserve accustomed standards of living in old age make the relevant comparison not between a pension with an earnings-related element and an ideal-typical citizenship-based pension, but rather between a pension system with an earnings-related element organised publically, and a pension system with an earnings-related element organised privately. It is on this basis that the 'encompassing model' can be regarded as the gold standard of universalism in pension policy, and on this basis also that I adopt an interpretation of universalism which centres around the coverage of benefits and the dualisms they create rather than their redistributive potential.

When it comes to the treatment of private benefits however, I depart from Esping-Andersen and Korpi in a crucial way, by drawing a distinction between *voluntary private benefits* and *private benefits which are quasi-mandatory*. I draw this distinction on the basis of a wave of recent research which has questioned the importance of the private-public mix, and has suggested that public and private means of addressing social risks may be functionally equivalent (Bridgen and Meyer, 2009; see also Arza, 2008, Goodin and Rein, 2001, Trampusch, 2009, Hyde and Dixon, 2009, Hacker, 2004, Le Grand, 2007). The central theme of this research is the importance of regulation for shaping patterns of private provision. In particular, existing work on the expansion of private pension coverage has emphasised the role of collective self-regulation in creating private pension systems with near universal coverage. The Netherlands is an oft-cited example; supplementary private pensions based on collective agreements have long been quasi-mandatory and as a result over ninety per cent of the working population is covered (Meyer and Bridgen, 2012, Trampusch, 2009).

Such coverage rates are comparable to the coverage rates of contributory state pensions (Scruggs, 2004), allowing private pensions with broad coverage rates to fulfil a function similar to that of the social insurance tier in the encompassing model. Notwithstanding the important fact that private benefits, however broad their coverage, are likely to remain less homogeneous in terms of benefit rules than their public equivalent, the difference between voluntary and quasi-mandatory private pensions cannot be ignored. On this basis, it is a point of departure for this thesis that the structure and coverage of private benefits should be taken into account when assessing the universalism of any benefit system.

Drawing together the preceding paragraphs, it is possible to summarise the understanding of universalism that I adopt throughout this thesis. I take comprehensive, non-fragmented coverage to be the defining feature of universalism. When assessing the universalism of any benefit system, I take both privately and publically provided benefits into account, and I consider the system's universalism to vary continuously according to how much any privately provided benefits, means-testing, or contributory arrangements a) restrict coverage and b) fragment the system leading to different people receiving different benefits under different roles. In this way I adopt a view of universalism that is compatible with the post-industrial context, and can be contrasted to the dualisms that arise from contributory, means-tested, and voluntary private arrangements.

1.2 Universalism in an Age of Dualisation

One theme that emerges strongly from the comparative politics literature is that of dualisation. Whereas the post-war years of welfare expansion are associated with the unifying of social protection and the development of more universal welfare arrangements, academic observers now increasingly note the expansion of dual social policies that differentiate rights, entitlements and services provided to different categories of recipients (Emmenegger et al., 2012: 14). The past two to three decades have been an 'age of dualisation' in which new and deepened divides have surfaced between various groups of insiders and outsiders (Emmenegger et al., 2012: 8).

The empirical focus of most of this work lies in the reform trajectories of Continental European welfare arrangements. In these countries the mismatch between status preserving insurance and post-industrial patterns of employment has in large part been addressed by a strengthening of the link between the amount and duration of contributions and the volume and duration of benefits. Old age pensions, unemployment benefits and disability allowances have all been affected as benefit calculation formulas have been changed and stricter retirement rules introduced. Typically, unemployed or disabled people now need to have contributed for longer to be entitled to full benefits; the number of years of contributions required for entitlement to a full pension has also in many cases been increased (Palier, 2010: 343, Scruggs and Allan, 2004, Emmenegger et al., 2012: 8).

As qualifying conditions for social insurance are tightened, and it becomes harder for people with atypical employment profiles to qualify, social insurance no longer covers the whole working population. In order to compensate for this reduced coverage, a new layer of tax-financed, means-tested social assistance has either been expanded or created for those with insufficient contributions (Palier, 2010). In what is seen by many as a return to Bismarkian origins when policies for the worker (*Arbeiterpolitik*) were clearly distinguished from policies for the poor

(*Armenpolitik*) the politics of retrenchment in continental Europe has thus seen 'the institutionalization of a new dualism within social protection' through the creation of separate, inferior arrangements for atypical workers, organized around tax-financed, non-contributory and income-tested benefits (Palier, 2010: 359).

Despite the continental European focus of the dualisation literature, the expansion of dual social policies is considered to be a broader trend, particularly likely to occur also in Liberal welfare regimes (Emmenegger et al., 2012: 16). Liberal welfare regimes, in which residual state benefits offering low to moderate replacement rates are topped up by private welfare arrangements, are expected not only to create dualisms, but also to fuel a pattern of politics that perpetuates and increases such dualisms over time.

The reasoning behind this is as follows. Where there is a dualism between those who rely on state benefits and those who rely on private benefits, state benefits will be eroded over time and will have a smaller redistributive impact than if they had been encompassing and universal (Moene and Wallerstein, 2001). For Korpi and Palme, this is the 'paradox of redistribution' and occurs when the interests of the middle classes are decoupled from the interests of the working class (Korpi and Palme, 1998). For Pierson (2001) and other scholars of the 'new politics' it is not class but rather the size of the welfare clientele that matters, but the argument is much the same. Where state benefits are low and leave room for the market, the army of welfare state beneficiaries will be smaller and benefits will be more prone to retrenchment and re-commodification in the context of austerity (Pierson, 1996). Market-heavy welfare systems are certainly not expected to generate support for welfare state expansion, looser eligibility conditions, or the extension of social rights.

For no policy area is this logic likely to apply so strongly as for the classic example of path dependent change, the policy area of pensions (Myles and Pierson, 2001). Korpi and Palme look specifically at the dynamics of different pension systems. They argue that 'basic social security' pensions which provide a low level of entitlements based on contributions and 'targeted' pensions where eligibility to a low level of benefits is based on need, are not conducive to future benefit generosity. By expecting the middle classes to safeguard their standards of living through private insurance, public pensions in such market-heavy systems tend to become a concern primarily for those on low incomes and do not generate the cross-class coalitions necessary for their preservation, let alone their extension (Korpi and Palme, 1998). Emmenegger et al. concur, noting without surprise that they have observed the extension of pension qualifying periods in countries traditionally reliant on a Beveridgean pension system and those that introduced public earnings-related schemes relatively late (Emmenegger et al., 2012: 8).

Although both targeted and flat-rate pension arrangements leave state benefits dependent on the loyalties of a numerically weak and often politically residual social group, *targeted pensions are additionally prone to retrenchment*. This is because with targeted benefits, it is particularly obvious that the reciprocity of the system is very low. Those who benefit from means-testing and those who finance it are rarely the same people. Welfare winners are thus perceived to be those who pay little or no tax and receive targeted benefits, and stand in stark contrast to those who pay tax but do not receive any benefits. In a classic account of the moral logic of the welfare state, Rothstein explains how systems dominated by universal benefits and services and systems dominated by targeting generate very different public discussions and public perceptions of benefit recipients (Rothstein, 1998). Whilst the universal welfare state is strengthened by the prevention of a debate about how much society should give to those who cannot take care of themselves, in a targeted system public discussion often centres around what the well-adjusted majority should do about the less well-adjusted and socially marginalized minority (Rothstein, 1998: 158). The fairness of the policy is open to challenge, as the majority start asking 'a) where the line between the needy and the non-needy should be drawn, and b) whether the needy themselves are not to blame for their predicament' (Rothstein, 1998: 159).

Moreover, it is expected that the fragility of state pensions in market heavy systems will be accompanied by *increasingly patchy coverage of occupational pensions*, as employers become increasingly reluctant providers of retirement income. In this vein, Seeleib-Kaiser warns of a 'widening of dualism and an increase of outsiders, as fewer pensioners will be able to rely on employer provided benefits to maintain the achieved living standard' (Seeleib-Kaiser et al., 2012: 170). This expected institutional drift is the result of increasing costs to employers of offering private pension benefits while the benefits of so doing become more uncertain. Occupational pensions were less costly for employers in times of high consumer demand, full employment, booming stock markets and good pension fund performance. Growing longevity raises the projected costs of defined benefit schemes for employers (Clark, 2003) and the increasing importance of shareholder value further increases pressure to cut costs associated with expensive DB schemes (Cutler and Waine, 2001). At the same time, the benefits to employers of offering private pension benefits have been decreasing, as deindustrialisation has reduced the need for companies to retain their workers for long periods of time (Sass, 1997). The combined result of these changes is that more firms have cut back on the occupational benefits that they offer.

In sum, the past two to three decades can be characterised as an age of dualisation, of new and deepened divides between various groups of insiders and outsiders. While the literature has mainly focused on the social insurance systems of Continental Europe, dualisation is expected to have occurred also in those systems where state benefits offer moderate or low replacement rates and are topped up by private welfare arrangements - particularly where those benefits are targeted, and particularly in the policy area of pensions, where the fragility of state benefits is expected to be matched by increasingly patchy private coverage.

1.3 Research objective, argument and structure of the thesis

In this thesis I focus on an institutional setting where dualisation is strongly expected to have occurred, the group of market-heavy pension systems. I define market-heavy pension systems as those pension systems where the ratio of private to public expenditure is higher than the OECD average, and I focus on the eighteen mature welfare states included by Esping-Andersen in his Three Worlds of Welfare Capitalism (Esping-Andersen, 1990) and commonly used in comparative welfare state research thereafter. This is to the notable exclusion of less frequently analysed Iceland and Israel, as well as the more recently privatized systems of Latin America and Central and Eastern Europe.

Two OECD datasets provide figures for expenditure on private and public pension benefits as a percentage of GDP (Organisation for Economic Co-operation and Development, 2013a, Organisation for Economic Co-operation and Development, 2013b). The two datasets vary slightly in the private pension expenditure that they report. Since no clear reason is given for the differences in recorded private pension expenditure, I make use of both sources to identify my universe of cases. Table 1 below expresses the data from each source as a ratio of private to public pension expenditure, for the two years for which both sets of information are available. For the purposes of this thesis, my universe of market-heavy pension systems consists of those countries which on the basis of the available data have a ratio of private to public pension expenditure that is consistently higher than the OECD average.

Table 1. Public and Private expenditure on pensions, as a % of GDP

OECD Pensions at a Glance 2013				*OECD Factbook 2013*			
Country	2005	Country	2009	Country	2005	Country	2009
		Netherlands	***1.10***				
Netherlands	***1.06***	***Switzerland***	***0.92***	***Australia***	***1.12***		
Canada	***1.03***	***Canada***	***0.81***	***Switzerland***	***0.78***	***Australia***	***1.31***
Switzerland	***0.89***	***United Kingdom***	***0.74***	***Netherlands***	***0.70***	***Netherlands***	***0.76***
United Kingdom	***0.86***	***Australia***	***0.59***	***Denmark***	***0.63***	***Denmark***	***0.70***
United States	***0.63***	***United States***	***0.57***	***United Kingdom***	***0.54***	***Canada***	***0.60***
Australia	***0.56***	***Denmark***	***0.40***	***Canada***	***0.49***	***United Kingdom***	***0.52***
Denmark	***0.41***	Japan	0.30	***United States***	***0.48***	***United States***	***0.43***
Sweden	0.28	Sweden	0.30	***New Zealand***	***0.30***	***New Zealand***	***0.40***
Ireland	***0.25***	***Ireland***	***0.21***	Norway	0.29	Belgium	0.33
OECD	**0.21**	**OECD**	**0.21**	**OECD**	**0.24**	**OECD**	**0.28**
Belgium	0.17	Belgium	0.14	Belgium	0.14	Sweden	0.16
Norway	0.12	Norway	0.12	Sweden	0.13	Finland	0.07
Italy	0.10	Italy	0.10	Austria	0.02	France	0.03
Germany	0.07	Germany	0.08	Italy	0.01	Germany	0.03
Austria	0.04	Austria	0.05	Germany	0.01	Austria	0.01
Finland	0.03	Finland	0.03			Italy	0.01
France	0.03	France	0.02				

Missing data: *OECD Factbook 2013* has missing data for Finland 2005; France 2005; Ireland 2005, 2009; Japan 2005, 2009; Norway 2009; and Switzerland 2009. *OECD Pensions at a Glance 2013* has missing data for Japan 2005; and New Zealand 2005, 2009.

I therefore exclude Sweden, Norway and Belgium, in which the ratio of private to public expenditure is higher than the OECD average in only one of the two datasets, and Japan, where only one data point is available. This leaves me with a universe of nine market-heavy pension systems: Australia, Canada, Denmark, Ireland, the Netherlands, New Zealand, Switzerland, the United States, and the United Kingdom. These pension systems are a heterogeneous bunch, spanning different welfare regimes, embedded in different political systems, and displaying broad variation in pension structure. They have little in common beyond a reliance on market means[1].

I created my own database of reforms that have occurred in these nine market-heavy pension systems over the past three decades. My data show that, whilst some of these pension systems have fulfilled theoretical expectations by becoming more dualised in the post-industrial context, others have experienced reforms that have made them more universal. It is my research objective in this thesis to explain these universalising changes.

In a nutshell my argument is the following. In those pension systems that have become more universal, the very institutional features most expected to lead to further dualisation - namely market-heaviness, reliance on targeting, and limited earnings-replacement for high income earners from the state pension - are actually responsible for contributing to a universalist turn. In particular, under certain conditions these institutional features help structure the policy preferences of key political actors such that actors usually associated with the extension of state provision such as trade unions and left-of-centre political parties embrace market means, while actors associated with private provision such as the pension industry and non-left parties push for the expansion of the state pension.

The structure of this thesis is as follows. The next chapter presents the unexpected universalising reforms that are to be explained. It shows that there have been two broad types of universalising reforms, those that have occurred through the extension of state provision, and those that have occurred through regulation to extend the coverage of private pensions. Since this chapter is based on my own

[1] Data for the full list of OECD countries is presented in Appendix A.

database of pension reforms that have occurred between 1980 and 2009, the chapter starts with a discussion of this database, as well as with a discussion of how I identify universalising reforms.

Chapter three reviews the extensive literature that seeks to explain welfare state change and social policy reforms. It examines what this literature has to say about the universalising reforms presented in chapter two, and develops some theoretical propositions that form the starting point for the empirical work that follows. The chapter then moves on to discuss the research design of the thesis, linking the theoretical propositions to the chosen research methods. I explain that, since the literature review suggests that universalising reforms are causally rather complex, I model my explanation in terms of set-relations using an approach called Qualitative Comparative Analysis which is capable of dealing with conditions that do not display their effect on their own but only together with other conditions, as well as with the possibility that alternative factors can produce the same outcome.

Since I expect universalising reform through the extension of state pensions and universalising reform through the extension of private pensions to mobilize political actors in different ways, I conduct two separate Qualitative Comparative Analyses. Chapters four and five present these two analyses and discuss the results, mapping the combinations of causal conditions under which public and private pensions have become more universal respectively.

In chapter six I present three ‘country cases’. These are brief narratives which link the institutional conditions identified in the previous chapters to the universalising changes of interest via the policy preferences of key political actors. My case selection is informed by the Qualitative Comparative Analyses. I present a narrative of changes to the Australian state pension, and two separate narratives of changes to the UK state pension and changes to the UK’s private pensions. In doing so I take a step closer to the causal logics at work, reinforcing the results of the Qualitative Comparative Analyses to offer a substantial explanation for the introduction of universalising reform in some market-heavy systems and for the absence of such reform in others.

My final chapter summarises the argument developed over the course of the thesis, and discusses my theoretical contributions. I reflect on the main limitations of the thesis, and discuss the further research towards which my work points.

CHAPTER TWO

A SYSTEMATIC LOOK AT MARKET-HEAVY PENSION SYSTEMS EXPOSES SURPRISING PATTERNS OF UNIVERSALISING CHANGE

This chapter presents the empirical puzzle that is the subject of this thesis. It presents a number of reforms which have occurred over the past three decades that have made market-heavy pension systems more universal, either by changing the structure of the state pension or by introducing regulation to extend the coverage of private occupational pensions. The chapter is based on my own detailed database of pension reforms that have occurred in market-heavy pension systems between 1980 and 2009, from which I identified a number of changes affecting universalism. I begin therefore with a discussion of this database and of the types of legislative change that I count as universalising reform, before presenting the universalising reforms to be explained.

2.1 MEASURING UNIVERSALISING CHANGE

MY DATABASE OF UNIVERSALISING CHANGE

Data on expenditures or entitlements reflects pension arrangements long gone, and cannot capture recent reforms. For this reason, any account of the recent evolution of a pension system must come from understanding recent legislative changes. Some databases of pension reforms do exist, but they are few and are not sufficiently detailed to develop an understanding of reforms affecting universalism[2]. In order therefore to develop a clear picture of how market-heavy pension systems have evolved since 1980, I built my own database of reforms.

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[2] EDACWOWE, the European Data Centre for Work and Welfare produces a comprehensive list of comparative data sources on work and welfare.

I did this by drawing on a wealth of secondary sources, government reports, and the *International Social Security Association (ISSA)* reform database. The ISSA database is a collection of press releases and statements about reforms which can be filtered to search for reforms to Old Age, Survivors and Disability benefits. Although these statements focus mainly on reforms to the state pension and date back only to 1995, they offer a wealth of information about past reforms. Where necessary, I cross-checked any inconsistencies using the ILO's NATLEX database, a comprehensive list of national legislation related to labour market reforms which can be filtered to search for pension reforms and offers links to the relevant legal documents, and the *Fondatione Rodolfo Debenedetti (FRDB)* Social Reform Database. Although the FRdB database covers only three of the nine market-heavy pension systems, and classifies reforms in a broad brush way only according to whether they are marginal or structural and whether they increase or decrease the generosity of the system, the detailed notes accompanying the database offer short reform descriptions which although not exhaustive, provide useful complementary information.

The result of this process was a list of major reforms in each market-heavy pension system that includes not only reforms to the state pension, but also regulatory reforms affecting private pensions. For each major reform I recorded the main changes that were made, ignoring only minor or administrative changes. I documented twenty-seven types of change. I coded each change according to the criteria laid out in the codebook in Appendix A. For example, the type of reform 'RET_AGE' captures any changes made to the retirement age. Reforms that increase the statutory retirement age are coded 1, and reforms that decrease the statutory retirement age are coded -1. Where there has been no change made to the retirement age in a given year, I code a value of zero. By coding in this way, I capture the direction but not the magnitude of change.

For most types of change, this is the only reasonable way to quantify them. For example, in 2009 Australia increased the rate of the Age Pension by $30 per week, and pension supplements were consolidated and increased by $2.49 per week. This increased the generosity of the state pension. But how does this compare in magnitude to Canada's 1997 reform after which pensions were to be calculated on the 5-year average of the Year's Maximum Pensionable Earnings instead of the 3-year average? Or to the UK's reform in 1986 which extended the reference period for SERPS benefits from 20 years to life-time career and reduced the SERPS replacement rate from 25 to 20 percent? Comparing the magnitude of these changes is prohibitively complex, so I capture only their direction, in the indicator 'BEN_GEN'. For this indicator, changes that increase the pension benefit received for a given contribution history are coded 1, and changes that decrease the pension benefit received for a given contribution history are coded -1.

The full list of reforms can be found in Appendix C. The wide variety of sources I consulted and reconciled make me confident that the list is sufficiently comprehensive and that major reforms have not been overlooked. This initial, a-theoretical list of legislative changes forms the basis from which I identify those reforms that affect universalism, and provides an understanding of the broader reform context which is crucial for my subsequent analysis of why the reforms happened. In the following paragraphs, I discuss the types of change that I consider to be universalising.

IDENTIFYING UNIVERSALISING CHANGE

Following from the discussion in chapter one, the universalism of benefits or services is seen here to vary continuously according to how much any needs-based or contributory arrangements restrict coverage, or fragment the system and lead to different people receiving benefits under different rules. Specifically, this means that any policies which loosen targeting, include new categories of people under social insurance, loosen eligibility requirements to the state pension, or alter the benefit calculation formula such that people previously receiving means tested benefits now receive benefits as a contributory right, can all constitute shifts towards universalism in a pension system. The following paragraphs discuss each type of reform in more detail.

Policies that tighten the targeting of state benefits decrease universalism. Targeting can be tightened by withholding benefits either at a lower income or asset threshold, or at an increased rate. Conversely reforms that loosen the targeting of state benefits increase universalism, by withholding benefits either at a higher income or asset threshold, or at a lower rate. By the same logic, the introduction of affluence tests - a form of targeting that excludes the wealthy from the receipt of state benefits and is usually administered through the tax system - also constitutes a move away from universalism, whilst policies that reduce or abolish affluence tests should be seen as moves towards universalism.

One very straightforward way to increase the universalism of a pension system is to extend the coverage of the state pension to new categories of recipients, for example by bringing the self-employed into the social insurance system where previously they were not eligible to pay contributions and receive the corresponding benefits. The coverage of the state pension is also affected by how tightly contributory benefits are linked to employment history. The more tightly benefits are linked to employment history, the higher the number of people who fail to acquire eligibility to a state pension that is sufficient to lift them clear of reliance on means-tested benefits. Other things equal therefore, the tighter the eligibility requirements, the less universal the contributory pension; it will cover fewer people and leave more reliant on targeted benefits. Thus, policies that introduce or extend credits for periods out of work due to unemployment or care responsibilities, or that lower the contributions required for access to contributory benefits, both constitute moves towards universalism.

Where a contributory state pension is supplemented by a means-tested safety net, policies that render the state pension more residual by reducing the value of contributory or residency-based benefits also constitute a move away from universalism. This is because, providing that the means test remains unaltered, a more residual state pension means more people will receive means-tested benefits that would previously have been eligible for those benefits on the basis of contributions or residency. It is by this logic that changes in the benefit formula for earnings-related benefits or moves towards less generous indexation arrangements can also constitute moves away from universalism.

In addition to these changes to the state pension, and following the discussion in chapter one, I also count as universalising some regulation that extends the coverage of private pensions. Such regulation may take several forms. First, it may take the form of collective self-regulation, whereby coverage of occupational pensions is extended by means of collective agreements. In this case occupational benefits offered by one firm may be extended to cover employees in the entire industry or sector. Second, the regulation may be top-down. Top-down governmental regulation to increase the coverage of occupational pensions may consist of mandating that employers provide access to an occupational pension, introducing auto-enrolment whereby employees are enrolled by default into an occupational pension scheme where they remain unless they actively opt-out, or mandating that employers and/or employees make contributions to an occupational pension scheme. In this thesis, I take as universalising only such regulation (collectively bargained or otherwise) which includes a mandatory employer contribution. Table 2 below summarizes how I identify universalising change.

Table 2. Identifying universalising change

Tier affected	Type of change
Means-tested pension	• Looser targeting *Higher income or asset threshold* *Lower withdrawal rate* *Abolition/loosening of affluence test*
Contributory pension	• Inclusion of new social groups in social insurance • Looser eligibility requirements *Lower contribution thresholds* *Introduction of contributions credits* • Change to benefit calculation formula or indexation such that people previously receiving means tested benefits now receive benefits as a contributory right
Private pensions	• Extension of employer contributions by collective agreement • Top-down introduction of mandatory employer contributions

2.2 Changes to the state pension

Overall between 1980 and 2008 there has been an increase in the number of universalising reforms to the state pension in market-heavy pension systems, and a simultaneous decrease in reforms that shift towards targeting.

Table 3 presents the number of universalising and de-universalising reforms that occurred per decade.

Table 3. Total number of universalising and de-universalising reforms

Decade	*Number of universalising reforms*	*Number of de-universalising reforms*
1980s	2	7
1990s	4	6
2000s	6	2

This trend towards universalism has been driven by the UK, Australia, New Zealand and Ireland, as the list of reforms in Table 4 shows.

Table 4. Reforms to the state pension affecting universalism

Country	*Year*	*Description of reform*	*Name of reform*
Australia	1983	**Means testing tightened-** tightened income testing of pensions for those aged over seventy	Social Security and Repatriation Legislation Amendment Act
Australia	1984	**Means testing tightened-** assets test re-introduced and either income or assets test to be applied, depending on which test gives lower pension level.	Social Security and Repatriation (Budget Measures and Assets Test) Act
Australia	2000	**Means testing loosened-** reduced the asset and income taper test rates from 50% to 40%. Increased the income and asset test 'free' areas by 2.5%	
Australia	2007	**Means testing loosened-** halved the assets test taper rate to increase incentives to save. The assets test threshold was raised from $343,750 to $529,250.	Tax Laws Amendment (Simplified Superannuation) Act 2007

Canada	1989	**Affluence test introduced-** introduced OAS 'clawback' from high income pensioners	
Canada	1997	**Shift towards targeting-** Pensions to be calculated on the 5-year average of the Year's Maximum Pensionable Earnings instead of the 3-year average	
Denmark	1987	**Means testing loosened-** loosened the income test for the Pension Supplement. More people entitled to the full means-tested benefit	Lettelese af Samspilsproblemer
Denmark	1993	**Shift towards targeting-** reduction of basic pension, and increase in Pension Supplement by equal amount.	Konsekvenser af skattereform
Denmark	1996	**Contribution credits-** recipients of sickness, maternity and unemployment benefits received twice the normal ATP contribution	Dobbelt ATP for folk pa overforselsindkomster
Denmark	2003	**Shift towards targeting-** introduction of the 'elderly check', a tightly targeted benefit paid only to pensioners with no income aside from the state pension.	Budget
Ireland	1988	**Coverage of state pension extended-** introduced compulsory PRSI for the self-employed	Social Welfare Act
Ireland	1991	**Coverage of state pension extended-** introduced compulsory PRSI for the part-time workers	
Ireland	1994	**Coverage of state pension extended-** up to twenty years spent caring for children or incapacitated adults to be disregarded when averaging the social insurance record	Homemakers' Scheme
Ireland	1997	**Eligibility conditions for state pension tightened-** increased the minimum contributions required for	Social Welfare Act

		eligibility to the Old Age (Contributory) State pension	
Ireland	2006	**Means testing loosened-** increased the means test disregard from EUR 7.60 per week to EUR 20.00	Social Welfare Law Reform and Pensions Act
New Zealand	1985	**Affluence test introduced-** introduced the taxation Surcharge	
New Zealand	1990	**Affluence test increased-** taxation surcharge rate increased from 20-25%	
New Zealand	1997	**Affluence test abolished-** surcharge abolished entirely, leaving universal pension with no form of targeting	Taxation (Superannuitant Surcharge Abolition) Act
Switzerland	1985	**Means testing tightened-** lowering of complementary benefits for pensioners with own savings	Zweite Revision des Bundesgesetzes uber Erganzungsleistungen zur AHV/IV
Switzerland	2003	**Shift towards targeting-** cutbacks in pension indexation	11th AHV/AVS revision
United Kingdom	1980	**Shift towards targeting-** pensions no longer uprated by the better of earnings or prices, but by prices only	Social Security Act
United Kingdom	1999	**Shift towards targeting-** renamed the main means-tested pension 'Minimum Income Guarantee'. Increased its generosity substantially and temporarily indexed it to earnings rather than prices.	Welfare Reform and Pensions Act
United Kingdom	2000	**Contribution credits-** introduced credits for carers and disabled people with broken work records to enable them to build up entitlements to the state pension	
United Kingdom	2002	**Means testing loosened-** replaced the Minimum Income Guarantee with the Pension Credit. The Pension Credit system offset some of the	State Pension Credit Act

		disincentive effects of the means-tested Minimum Income Guarantee by introducing a Savings Credit element to reward people over 65 for their savings.	
United Kingdom	2007	**Eligibility conditions for state pension loosened and a shift away from targeting-** loosened eligibility conditions for receipt of the Basic State Pension Re-introduced earnings uprating	Pensions Act
United States	1981	**Means testing tightened-** instead of the first $60 of earned or unearned income being excluded, now the first $20 were excluded, and instead of the next $195 of the remainder of quarterly earned income being excluded, now the next $65 was excluded	Public Law 97-35
United States	1993 1996	**Means testing tightened-** placed restrictions on DI and SSI benefits to Drug Addicts and Alcoholics	1993 and 1996 SSA Amendment Acts

In Ireland, reforms over the last three decades have dramatically increased the number of people qualifying for pensions based on their social insurance record rather than through means testing, by extending the coverage of the contributory state pension to the self-employed (1988) and to part-time workers (1991), introducing a system of disregards for carers (1994) and loosening the means test (2007). In Australia, New Zealand and the UK too, reforms that shifted away from universalism in the 1980s have been replaced in recent years with universalising reforms.

Reforms in the 1980s made the Australian Age Pension less universal by tightening the means tests (1983, 1985). The trend since has been reversed as in the 2000s Australia passed two universalising reforms which together extended coverage significantly by loosening the means test. In New Zealand the affluence test which was introduced in 1986 and increased further in 1990 was repealed in 1997, leaving a universal flat-rate state pension conditional only on residence. The UK also moved towards targeting initially, by moving from earnings to price indexation of the state pension in 1980. But in the last decade the UK passed three reforms increasing the universalism of the state pension, introducing credits for carers and disabled people with broken work records to enable them to build up entitlements to the state pension (2000), loosening the means test on the Minimum Income Guarantee (2002), and re-introducing earnings uprating as well as lowering the required contributions for a full basic state pension from 45 years to 30 years (2007).

In Switzerland and Denmark no clear trend emerges. In Denmark reforms loosening the income test for the pension supplement (1987) and introducing contribution credits for benefits recipients (1996) alternated with reforms that shifted towards targeting (1993, 2003), whilst in Switzerland reforms tightening the means test (1983) and shifting individuals towards targeting (2003) have been punctuated by the introduction of contribution credits (1995). In the meantime the US, Canada and the Netherlands do not introduce any universalising reforms at all. Thus, although market-heavy pension systems overall have seen an increase in reforms that make the state pension more universal, there is cross-national variation around this trend, which has been driven by four countries – the UK, New Zealand, Australia and Ireland.

Moreover, where reforms have made the state pension more universal, they have done so in a variety of ways. The universalising reforms that have occurred do not all have the same redistributive impact, nor do they benefit the same political groups. While the UK reforms of 2007 for example benefit welfare outsiders by making it easier for them to receive state benefits as a matter of contributory right, in the fully means-tested system of Australia the insider/outsider distinction is of little relevance. Similarly, while the loosening of means tests extended statutory pensions among the low and middle-income groups in Australia, the repeal of the affluence test in New Zealand extended coverage among the wealthy. Conceptually this variation is not a problem. As discussed in chapter one, the concept of universalism is best understood as inclusion within a common system and not redistribution or equality. However, the heterogeneous distribution of benefits has implications for the politics driving these reforms, and any explanation must be able to account for these diverse patterns.

2.3 CHANGES TO PRIVATE PENSIONS

I now turn my attention to private pensions. In the Netherlands, state regulation of the labour market introduced in the 1950s required that all benefits negotiated at the bargaining table be extended to non-union workers. This led very early on to supplementary private pensions that were quasi-universal, covering over ninety per cent of the working population, despite low union membership (Myles and Pierson, 2001:315). In all other market-heavy pension systems, private pension remained wholly voluntary until the 1980s. Over the past three decades however there has been a clear trend towards more universal private pensions within market-heavy pension systems. Of the nine countries analysed in this thesis, only Ireland, Canada and the US now rely on employer voluntarism in private pension contributions. The trend is summarized in Table 5 below.

Table 5. Regulatory changes extending private pension coverage in market-heavy pension systems

Country	*Year*	*Reform*	*Description*
Switzerland	**1982**	*Bundesgesetz über die Berufliche Vorsorge*	Mandatory employer and employee contributions to occupational pensions
Australia	**1985**	*Accord* between ACTU and Labor Government	Wage claim moderation in exchange for government support for the extension of occupational superannuation
Denmark	**1991**	Collective agreements	Extension of occupational pensions
Australia	**1992**	*Superannuation Guarantee (Administration) Act*	Mandatory employer contributions to a private pension plan
Netherlands	**1994**		Made illegal to exclude part-time workers from occupational pension schemes
Switzerland	**1997**	*Verordnung uber die obligatorische berufliche Vorsorge von Arbeitslosen*	Unemployment insurance funds to deduct a contribution from unemployment benefits and make an 'employer's

		Personen	contribution', thereby extending occupational pension provision to the unemployed
Switzerland	**2003**	1st BVG/LPP Revision	Improved occupational pension coverage for low-income earners Improved occupational pension coverage for part-time employees
New Zealand	**2007**	Taxation (KiwiSaver) Act	Introduced mandatory employer contributions to Kiwisaver schemes (unless employee 'opts-out')
United Kingdom	**2008**	Pensions Act	Introduced mandatory employer contributions to workplace pension schemes (unless employee 'opts-out')

In Switzerland mandatory occupational pensions were introduced in 1982, and subsequent reforms in 1997 and 2003 extended occupational pensions to the unemployed, low-income earners and part-time employees (Bonoli, 2006: 230). In Australia a corporatist agreement between organised labour and government extended occupational pension coverage in 1985, and in 1992 top-down legislation introduced the Superannuation Guarantee, which made it mandatory for employers to contribute to a private pension plan. In Denmark, private pension coverage was extended through collective agreements in the 1991 collective bargaining round. There was no accompanying legislation, however as the vast majority of employees were unionised the result was similar to Dutch quasi-universal coverage (Ebbinghaus, 2011: 409, Myles and Pierson, 2001). In the Netherlands, top-down reform in 1994 increased universalism further by making it illegal to exclude part-time workers from occupational pension schemes. Finally, in New Zealand the *Taxation (KiwiSaver) Act 2007* introduced mandatory employer contributions to private pension or 'Kiwisaver' schemes and in the UK, mandatory employer contributions into a workplace pension scheme were introduced by the *2008 Pensions Act*.

Conclusion

Overall between 1980 and 2008 market-heavy pension systems have become more universal. While the US and Canada did not introduce any universalising changes in the period under consideration, they were the only countries not to do so. In Ireland, a series of reforms extended the coverage of the state pension, whereas Switzerland, the Netherlands and Denmark introduced regulatory extensions of private pension coverage. In the UK, Australia and New Zealand, it was both private and public pensions that became more universal. The next four chapters make use of the cross-national variation set out in this chapter to explain why universalising changes occurred where and when they did.

CHAPTER THREE

DEVELOPMENT OF THEORETICAL EXPECTATIONS AND RESEARCH DESIGN

This chapter reviews the wealth of literature that seeks to explain social policy reforms and welfare state change. The purpose of the chapter is threefold. First, to assess how far existing theory can go towards explaining the universalising reforms presented in the previous chapter. Second, to build on the existing literature to develop theoretical expectations that form the starting point for the empirical work that follows. Third, to link the theoretical expectations to my chosen research methods, in a discussion of my research design.

3.1 LITERATURE REVIEW

My literature review starts with the work of those who sought to explain the development of the welfare state in the context of industrialisation and economic growth. Focusing on an age of social policy expansion, this work often looked in detail at the relationship between the power resources of social classes and the development of more or less universal benefits. I present this body of work in two stages, starting from the categorical relationship posited by power resource theory, and finishing with the insights of those who claim the relationship varied historically depending on the institutional context. I then turn my attention to the post-industrial context, where the focus has been on retrenchment and restructuring rather than expansion. I explore how party and interest group behaviour is expected to have changed, and discuss some rare but thought-provoking accounts of expansionary and universalising reform. Finally, I turn my attention to work that has sought to explain the development of private welfare provision, paying special attention to those analyses that offer insights into the regulatory preferences of key interest groups.

Power Resource Theory

Most explanations of the extension of social rights are set in the context of industrialisation and economic growth. They deal with the emergence of western welfare states over a period spanning from the beginning of the twentieth century to the end of the post-war 'golden age' of welfare expansion in the 1980s. Here the main driving force was industrialisation, which created a new set of demands for protection against the risks of old age, sickness, disability and unemployment, as well as the economic growth necessary to meet these demands.

According to Power Resource Theory, the broad and amorphous trend of welfare expansion was given nationally distinct form by political parties and related class actors such as trade unions and employers, who responded to these socioeconomic changes in different ways (Korpi, 1983, Esping-Andersen, 1990, Stephens, 1979). As representatives of social constituencies which were defined in terms of industrial classes, these actors pursued a clear policy agenda and were bearers of clear ideological stances (Häusermann et al., 2010: 9).

Left-of-centre or Social Democratic parties represented the interests of the working class or the labour movement. The average male production worker had a standard employment profile, working full-time, and largely uninterrupted until retirement. As such, the labour movement favoured benefits entitlement to which was gained on the basis of contributory right. According to Power Resource Theory, the Left was 'always violently opposed' to means-tested social assistance, which it perceived to be conspicuously designed to promote social dualisms by punishing and stigmatizing recipients (Esping-Andersen, 1990: 126).

Yet despite the labour movement's preference for contributory benefits and its scant interest in the extension of coverage to other socioeconomic groups, Social Democratic parties are associated in Power Resource Theory not with contributory insurance, but rather with the development of universal benefits. According to Power Resource Theory this is because the working class could nowhere secure a political majority on its own, and benefits were extended to include other socioeconomic groups in order to gain political support. The origins of universal benefits in Scandinavian countries were thus the result of a pragmatic class compromise between the working class and farmers (Esping-Andersen, 1990: 30, 46).

Later, in the post-war context of increasing income disparities, 'encompassing' welfare states that supplemented universal flat-rate benefits with earnings-related insurance were according to Power Resource Theory the result of a class compromise between representatives of labour and a new middle class of white-collar workers. For Power Resource theorists, this latter political compromise exemplifies the distrust of the political left for market solutions to social problems, and the strategic use of encompassing universal benefits to block off political support for the market is a key aspect of the post-war Social Democratic agenda (Korpi and Palme, 1998, Esping-Andersen, 1990).

Secular right-of-centre parties represented the interests of employers, who were averse to the high non-wage labour costs and de-commodification that encompassing universalistic policies involved. They also represented the prospering middle classes, a group which was insulated from many social risks by virtue of its savings and property ownership. Right-of-centre parties were therefore associated by Power Resource Theory with individualism, self-reliance and fiscal restraint. They had a preference for market solutions to welfare problems, and believed that the state should encourage the market both passively by guaranteeing only a minimum, and actively by subsidizing private welfare schemes. In terms of welfare arrangements, the secular right was therefore associated with the development of residual welfare states in which means-tested assistance, modest universal transfers, or modest social insurance plans were prevalent, offering low to moderate replacement rates (Esping-Andersen, 1990: 26-27).

Power Resource Theory thus associates the political left with the development of universal benefit systems and a marginal role of means-testing and private welfare, while the secular political right is associated with a prevalence of means-testing and privately provided benefits. In this way, partisan politics are meant to have shaped the qualitative differences between western welfare states. The 'Liberal' welfare regime or the 'basic social security' model found in the Anglophone countries is borne of the social policy preferences of the secular political right, and the 'Social Democratic' regime or 'encompassing' model of Scandinavia has been crafted by the pragmatic compromises of representatives of labour.

HISTORICAL REAPPRAISALS

This static connection between the power resources of class actors and the development of the welfare state has been called into question. Most prominently, a body of 'employer-centred' research emerged challenging the view of welfare state development as the outcome of labour mobilization in trade unions and social democratic parties (Swenson, 1991, Mares, 2001, Estevez-Abe et al., 2001, Hall and Soskice, 2001). This work questioned the assumption of employer hostility to the welfare state, showing how in some cases the welfare state does not only impose costs on employers but also provides direct and tangible benefits to them.

Though insightful, employer-centred approaches do not much alter the Power Resource understanding of the development of universal benefit arrangements. For one, employers rarely initiated the extension of social citizenship rights or set the agenda for welfare state expansion. Rather than being 'protagonists' in the development of the welfare state, in most cases they were 'consenters' of proposals that reflected their second or lower level preferences (Korpi, 2006: 183, 202). Moreover, employer support for generous state provision has generally been limited to social insurance arrangements which complement the production of goods and services that rely on firm or industry specific skills. There has been no attempt to claim employer support for the development of citizenship or residence based benefits which de-commodify labour and erode employer control (Mares, 2001, Estevez-Abe et al., 2001).

Of more relevance to the development of universal benefit arrangements, a second line of argument questioning the Power Resource view seeks to show that the static connection between Social Democratic parties and universalism is not borne out historically. In this view, class interests did determine the outcome of battles over welfare policy, but these varied and those that stood to gain from universalising reform differed between nations and over time (Baldwin, 1990: 290).

According to Baldwin, the origins of universalism in the paradigmatic Scandinavian case do not lie in the interests of the working class. Far from being the 'clever tactitioners' of Power Resource Theory, initiating the cross-class coalitions around universalism, Baldwin's account of the first legislative pensions initiatives of the end of the nineteenth century casts Scandinavian Social Democratic parties as reluctant consenters (Baldwin, 1990: 157). The protagonists in moves to introduce non-contributory tax-financed pensions in Denmark in 1891 and largely tax-financed pensions in Sweden in 1913 were instead parties of the centre and the right, who represented a 'rising agrarian bourgeoisie' keen not to be excluded from the increasingly generous benefits reserved for the poor (Baldwin, 1990: 63). Aware that in a predominantly rural society, they could not come to power if they limited their concern to urban wage earners, the Social Democrats eventually granted 'grudging approval' to the policy proposals of the right parties, but the first universalising policies were 'only continued, not created' by Social Democrats (Baldwin, 1990: 63, 94).

Moreover, according to Baldwin, the post-war extension of these first universalising initiatives displays a similar pattern. The sharp decrease in the means-testing of the Swedish statutory pension in 1946 was 'an issue favoured by the bourgeois parties and thrust upon the left by its political rivals' (Baldwin, 1990: 114). The groups with most to gain were a minority of affluent independents and salaried employees; it was they who already had significant social provision or other means of their own that barred them from receipt of statutory benefits under the status quo. Once again, increased universalism was driven by the political right. For the Social Democrats, universalising reform did enter the agenda a little later, as the spread of post-war affluence allowed increasing numbers of workers to build up private savings. But they did not initiate the policy. Middle-class interests were the origin of a concept that Social Democrats later adopted as their own (Baldwin, 1990: 114).

Yet Baldwin does not identify universalism with the political right. Rather, he shows that partisan interest in universalising policies varied historically with changes in the institutional and socio-economic context. In Denmark and the UK for example, it was the political left that drove post-war moves towards universalism. In these countries the broad prevalence of private provision meant that it was the working class that had particular cause to end the means testing that otherwise undermined their eligibility to benefits. By contrast in continental Europe, where fears of an unruly working class had earlier prompted Bismark to introduce contributory social insurance specifically focused on 'the proletariat' the pension politics of the immediate post-war period pitted worker's desires for universal insurance to broaden the risk pool against the desire of secure self-employed and salaried employees to stay out of the contributory system. Later, when the labour market position of the self-employed and salaried workers began to worsen, the right-of-centre parties that represented them began to support universal social insurance just as the left began to express ambivalence to universal benefits on the grounds of fairness (Baldwin, 1990).

Writing about welfare states outside of Europe, Castles (1985, Castles, 1994) lends support to Baldwin's claims. In an analysis of the Australian case, Castles explains how the wage earner's welfare state, where a minimum wage supplied a functional alternative to citizenship rights, meant that the labour movement was in favour of means-tested benefits and opposed to contributory insurance that would reduce wages below the accustomed standard - whether such insurance was encompassing or otherwise.

What emerges from Castles' and Baldwin's work is that it is not possible to associate universalism with the left and means-testing with the right in the development of advanced welfare states. What we see instead historically is that party support for universalism or means-testing has varied across countries and over time, because institutional and socioeconomic context affected which groups stood to gain from such reform. This view is in line with what is now a broad consensus in the literature explaining welfare state stability and change (Streeck and Thelen, 2005, Beland, 2005, Pierson, 1996, Hall and Soskice, 2001). In a nutshell, explanations of reform must pay attention to how political institutions and existing welfare state structures shape the policy preferences of key political actors in the face of socioeconomic pressures, as well as the power of these actors to influence the policymaking process.

Yet the universalising reforms of interest in this thesis have occurred in a very different context to those reforms studied by Castles, Baldwin, and the Power Resource Theorists. Welfare states have matured, economic growth has slowed, and employment patterns have changed, ushering in new social risks and new patterns of class politics. It is therefore to this context that the literature review now turns.

Perhaps the most prominent stream of research on the development of post-industrial welfare states suggests that the importance of partisan politics has declined considerably (Pierson, 2001, Castles, 2001b, Huber and Stephens, 2001). On the one hand, the retrenchment desires of right-of-centre governments are considered limited by resistance from welfare beneficiaries reluctant to lose the benefits to which they have been entitled. This resistance to reform is structured by existing policies, mediated by electoral and labour market institutions, and overcome by institutional entrepreneurs deploying strategies of blame avoidance, framing and obfuscation (Pierson, 1996, Weaver, 1986, Starke, 2006). On the other hand, the expansionary desires of trade unions and left-of-centre parties are said to be constrained by the 'permanent austerity' that has resulted from the slower growth, higher unemployment, increased economic openness, demographic aging and maturing social commitments of the past thirty years (Pierson, 2001). Unable to pursue traditional Social Democratic policies in the post-industrial context (Kitschelt, 1994), left-of-centre parties have adjusted their policies and shifted towards quasi-markets, competition, privatisation, fiscal discipline, and reforms to promote personal responsibility (Le Grand, 2007, Bartlett and Le Grand, 1993).

Of course, there are those that insist that parties and interest groups still matter, and in much the same way as they used to (Korpi and Palme, 2003). Hicks (1999: 220-1) points to the continuous importance of Social Democracy as a defender of the welfare state against retrenchment. Scruggs and Allan (2004) claim that left-of-centre parties are associated with less retrenchment because they represent the beneficiaries of the welfare state. Jensen (2011) shows that Social Democratic governments can introduce expansionary reforms in a corporatist setting. And others like Anderson (2001) have challenged the idea of union powerlessness.

Others still suggest that party roles have been reversed, with left-of-centre parties now more capable of retrenchment than right-of-centre parties (Ross, 2000, Green-Pedersen, 2001, Cukierman and Tommasi, 1998). These authors point to the effect of a 'Nixon goes to China' logic. In a nutshell, since left-of-centre parties are associated with defending the welfare state, they have more leeway in retrenching or restructuring it. Left-of-centre parties 'own' the welfare state issue, and voters will tend to believe them when they accuse right-of centre governments of being 'on an ideological crusade against the welfare state' (Green-Pedersen, 2001: 967). If therefore a right-of-centre government proposes welfare state retrenchment, it will be a very tempting vote-seeking strategy for left-of-centre parties to firmly oppose. On the other hand, left-of-centre parties have much to gain from initiating welfare state retrenchment and little to lose, since due to their reputation right-of-centre parties have no votes to gain by attacking a left-of-centre government for welfare state retrenchment (Ross, 2000, Green-Pedersen, 2001: 967).

Yet austerity is not the only challenge facing mature post-industrial welfare states. The post-industrial context not only imposes constraints on the welfare state, but also generates new demands, as the New Social Risk literature shows. In particular, the mismatch between contributory insurance and the discontinuous employment patterns prevalent in the labour markets of advanced post-industrial economies means more people than ever before struggle to build up entitlements to contributory benefits. This does not just contribute to tight fiscal conditions. It also has implications for party behaviour, and it opens the door for reforms that adapt existing institutional arrangements to the new labour market structures (Bonoli, 2005, Taylor-Gooby, 2004, Häusermann, 2010).

Unlike the Power Resource view that left-of-centre parties represent the industrial working class, and unlike Rueda and King, who see left-of-centre parties as representatives of the 'shrinking, largely male core of secure and privileged employees' (Rueda, 2007), a number of authors have suggested that left-of-centre parties in the post-industrial context increasingly represent those with discontinuous employment biographies (Kitschelt, 1994, Häusermann et al., 2012). These new constituencies of the left-of-centre parties include high-skilled middle-class voters, many of them women working in the service sector with atypical employment patterns (Kitschelt, 1994) as well as low-skilled labour market outsiders (Häusermann et al., 2012). They are considered to have little interest in contributory benefits and a preference for means-tested or universal benefits that are not affected by their discontinuous employment biographies (Häusermann et al., 2012).

In addition to being represented by left-of-centre parties, the interest of those with atypical employment patterns may be furthered as a result of what Häusermann (2010) calls 'modernizing compromises'. Häusermann has shown how in the context of Continental European pension systems where the mismatch between contributory arrangements and atypical employment biographies is stark and the demand for institutional modernisation particularly acute, policymakers have succeeded in passing a variety of reforms benefiting politically weak labour market outsiders. She shows that they have done this by engineering 'modernising compromises' - reform packages that secure the support of cross-class coalitions. A key condition for modernising compromises is an institutional context that favours negotiation and compromise, allowing policymakers to blur opposition to retrenchment by compensating cuts with policies aimed to foster cross-class conflict. According to Häusermann such an institutional context exists where labour, business, and political parties are fragmented, because this generates opportunities for coalitional engineering. By contrast, where economic interests and political parties are more concentrated, coalitions are more stable and actors cannot easily opt in and out of reform coalitions (Häusermann, 2010:7).

This work offers rare insights into a number of reforms in Continental Europe that it would be difficult to explain using existing theories of post-industrial politics. Yet it stops short of explaining universalising reforms. Since according to Häusermann (Häusermann, 2010, Häusermann et al., 2012) the misfit of contributory systems with discontinuous employment biographies can be addressed *either* through universalising reforms *or* by increasingly targeting benefits to those 'in need', it is not clear why universalising reforms would be introduced. In a context of austerity a shift towards targeting is indeed much more likely; there is very little reason to expect that costly universalism will be the chosen path.

Moving away from the institutional mismatch between contributory insurance and atypical employment patterns that characterises the contributory systems of Continental Europe, Green-Pedersen (2003) points to the prevalence of means-testing as a source of institutional disharmony that might be more directly relevant to explaining universalising reforms. In his analysis of recent Danish pension reforms, Green-Pedersen observes that 'moves in the universal direction in Denmark…were mostly driven by right wing parties focusing on making work and savings pay' (Green-Pedersen, 2003: 18). He argues that right wing parties pushed for more universal benefits 'because they are more market conforming than income or means tested benefits. Universal benefits do not damage incentives to take a job or save for your own pension' (Green-Pedersen, 2003: 5). By this account, the

Danish right-of-centre parties introduced universalising reforms to the state pension primarily because such reforms were expected to have the effect of reducing disincentives to save privately for retirement.

THE SUBTERRANEAN POLITICS OF PRIVATE PENSIONS

Whilst the development of public pensions has been the subject of much academic scrutiny, the development of private pensions has received relatively little attention. Nevertheless, a clear account has been put forward by scholars of comparative pension politics on the issue of why private pensions evolved to be peripheral in some countries and of central importance in others. According to the comparative literature, it was the failure of the so-called 'latecomers' to build a significant earnings-related pension either during the 'first critical juncture' of pension evolution prior to or around the First World War, or during the 'second critical juncture' after the Second World War and until 1980 that explains much of their subsequent development. In these 'latecomers', the market is crowded in, leading to the classic and self-perpetuating dualism of retirement income between those with access to private provision and those who rely solely on the state pension (Ebbinghaus, 48-50; Myles and Pierson, 315-318).

What is less convincingly explained however is why countries where private pensions have evolved to be of central importance (i.e. countries with market-heavy pension systems) vary in how dualising their private pensions are. Why do some countries develop near universal private pension coverage while others retain voluntary and dualising arrangements?

In light of the extension of private pension coverage in the Netherlands, Denmark and Australia, it became standard to assume that increased universalism in private pensions is won at the bargaining table (Myles and Pierson, 2001) and as such that it is a development which is almost as inevitable for those countries with the institutional capacity for collective self-regulation as it is impossible for those without. As Ebbinghaus writes, differences in the coverage of occupational pensions are the result of long-standing differences in 'bargaining institutions, the willingness of employers to regulate, and the overall bargaining coverage, as well as state support' (Ebbinghaus, 2011: 381).

In line with this view, the top-down introduction of mandatory occupational pensions in Switzerland in 1982 after being accepted by a large majority in a national referendum is considered a case of Swiss exceptionalism. According to Bonoli, 'the idea of mandating occupational pensions did of course surface in other countries, but was generally opposed by employers. Its adoption in a country like Switzerland, where employers are extremely influential political actors, is thus particularly striking, and can only be understood with reference to the country's peculiar political institutions, especially the popular initiative' (Bonoli, 2006: 230).

However, the reforms set out in chapter two cast doubt on the idea of Swiss exceptionalism and require explanation. Take first the introduction of mandatory employer contributions to 'Kiwisaver' schemes in New Zealand in 2007, and the introduction of mandatory employer contributions into a workplace pension scheme in the UK in 2008. Here private pensions were made more universal not through collective bargaining but rather through top-down regulation, in two countries without Switzerland's 'peculiar political institutions'. In addition, although Dutch pensions were initially made more universal through collective bargaining, subsequent regulatory reform in 1994 increased universalism by making it illegal to exclude part-time workers from occupational pension schemes. And in Switzerland the reforms of 1997 and 2003 that extended occupational pensions to low-income earners, part-time employees and the unemployed were not put to referendum.

Clearly then, top-down regulatory reform extending private pensions is neither impossible nor exceptional. What is less clear is how to explain where such reform happens, and when. Comparative social policy research is rather state-centric. It focuses on reforms to publicly provided and administered solutions to social risk and has very little to say about regulatory reforms that affect private benefits. There is, as Leiserling puts it 'no tradition of regulation analysis in social policy' (Leiserling, 2005: 11).

Those analyses that do address the politics of private welfare consider it to differ greatly from the familiar politics of welfare state reform – it is a 'subterranean' politics which is less visible to the public, where the scope of conflict is more restricted (Hacker, 2002: 42). According to Hacker, public awareness of private welfare arrangements is generally low and the public is hard to mobilize. In this 'complex and low-salience policy field' information about policy effects is scarce and unevenly distributed, and the political actors most actively involved in the policy process are labour groups, businesses, and third-party providers whose interest in the policy under consideration is intense enough to prompt mobilization and to justify the costs of information gathering (Hacker, 2002: 43).

The question of how unions, employers and pension providers view the regulatory extension of private pension coverage has only rarely been directly addressed, and the question of how these groups then affect the regulatory process even less so. Nevertheless, drawing from the work of a disparate group of scholars, what emerges is a pretty substantial set of expectations regarding how these three interest groups might view regulation extending private pension coverage.

Of the three major political actors affected by the regulatory extension of private pension coverage, it is employers whose expected preferences are clearest. For employers, private occupational pensions are associated with monetary costs on the one hand, and benefits in terms of human resource management on the other (McCarthy, 2006, Sass, 1997: 18-37). While the costs associated with occupational pensions vary with the size of the firm and the risk profile of its employees, the benefits depend on the skills profile of the firm's employees, and the 'control' that the employer has over the scheme (Mares, 2001: 195-203). As such, employers are expected to favour private sector voluntarism, and resist regulatory measures that increase their costs and reduce their control (Meyer and Bridgen, 2012: 391). As Bonoli writes, 'employers have traditionally been willing to provide [occupational pension coverage] to highly valued staff, but have always resented the imposition of rules that generate higher labour costs for low-skilled employees' (Bonoli, 2006).

Opposition to compulsory employer contributions is expected to be particularly strong in small firms where the costs are relatively large, and for firms employing predominantly low-skilled labour where the benefits of 'tying' the worker to the firm are relatively small. Moreover, employer opposition to compulsory contributions can be expected to grow as the costs to employers of offering private pension benefits increase and the benefits become more uncertain. Occupational pensions were less costly for employers in times of high consumer demand, full employment, booming stock markets and good pension fund performance. Growing longevity raises the projected costs of defined benefit schemes for employers (Clark, 2003) and the increasing importance of shareholder value further increases pressure to cut costs associated with expensive defined benefit schemes (Cutler and Waine, 2001). At the same time, the benefits to employers of offering occupational pensions are decreasing, as deindustrialisation has reduced the need for companies to retain their workers for long periods of time (Sass, 1997).

Representatives of the pension industry are assumed to share employer concerns about the costs of regulation, and have historically strongly resisted regulatory incursions into their affairs (Meyer and Bridgen, 2012, Hacker, 2002, Immergut et al., 2006). However, as Bridgen and Meyer point out, 'for insurers, concerns about the costs and regulation of compulsion are mitigated by its potential for increasing business' (Meyer and Bridgen, 2012: 391). As Hacker shows in his (2010) analysis of US healthcare reform, it is possible for the prospect of increasing business to outweigh insurer concerns about regulatory costs. Hacker analyses the role of the insurance industry in passing the *Patient Protection and Affordable Care Act* in March 2010. According to Hacker, the reform was possible because the health insurance industry, which had previously been fiercely opposed to public involvement in the market for health insurance, changed its mind in the face of years of decreasing coverage and declining revenues. It agreed to accept greater public regulation and involvement in return for greater guaranteed financing. This reform of the US health system bore striking resemblance to the universalising reforms to private pensions of interest in this thesis; it involved new regulation of private health insurance and resulted in a significant extension of coverage (Hacker, 2010: 865). The expected preferences of pension industry representatives regarding the regulatory extension of private pension coverage are therefore more ambiguous than they are for employers.

While Power Resource Theory associates unions with the development of earnings-related state pensions as discussed above, a number of studies note that unions have often revealed second-order preferences for a comprehensive system of occupational pensions. In particular, historical accounts of the extension of private pension coverage in Denmark, the Netherlands, Australia and Switzerland emphasise the role of unions (Bonoli, 2006, Anderson, 2006, Green-Pedersen, 2006, Commonwealth Treasury of Australia, 2001). In each case occupational pensions had become so prominent that the development of a state earnings-related pension was considered politically infeasible, as it faced resistance from a significant number of employees who already had secure occupational benefits. As a result, union representatives of those parts of the workforce with no form of earnings replacement in old age (often blue-collar unions) pushed for the extension of private pensions to cover their members instead. In this way, the extension of private occupational benefits has been pursued by unions as a 'second best' option to the state earnings-related alternative (Hacker, 2002, Meyer and Bridgen, 2012: 390).

Conclusion

In this literature review, I have searched existing work on social policy development for insights that can help explain the universalising reforms presented in chapter two. While much has been written about the development of universal state benefits, these explanations are set in the context of industrialisation and economic growth, and it is unclear whether they still apply to today's reforms. Yet in the post-industrial context of austerity and new social risks, universalising reform has received much less attention. Similarly, although the development of market-heavy pension systems is well understood, regulatory change within these pension systems is less so, and the politics behind regulation to extend private pension coverage have not been directly addressed. In the next section I draw from the reviewed literature to form some initial theoretical expectations as to why there has been a shift towards universalising reform in some market-heavy pension systems.

3.2 Developing my theoretical expectations

On the basis of the preceding review, I expect universalising change that has occurred through reform of the state pension, and universalising change that is the result of the regulation of private pensions, to mobilize political actors in different ways. While the literature shows that public pension reforms are highly salient electorally, regulatory reform extending employer contributions to private pensions is not usually considered to be the sort of reform that mobilises the mass electorate. In line with this view, I consider it unlikely that those without access to private pensions know or care enough about their future pension adequacy to mobilize in favour of regulatory reform. Such reform does however have distributional implications, and I expect these to mobilise organised interests. For this reason, I develop separately my theoretical expectations for why universalising reforms occurred in public pensions and for why they occurred in private pensions.

Of course, public and private spheres of provision are intimately related, and the policy preferences of any political actor regarding one sphere are likely to be affected by the state of the other sphere. Regarding the development of private pensions, my initial theoretical expectations explicitly reflect this. Regarding the development of public pensions, they do not. Notwithstanding the fact that the policy preferences of relevant actors regarding the development of public pensions may be influenced by regulation of the private sphere (Meyer and Bridgen, 2012), I start with the expectation that universalising reforms to the state pension can be explained independently and see how far this takes me.

Private Pensions

My review of the literature identified three key groups with a stake in the regulatory reform of private pensions, that is, unions, employers and representatives of the pension industry. Of these, employers can most clearly be expected to oppose regulation to make private pensions more universal and cling to employer voluntarism. The position of pension industry representatives is more ambiguous. As private pension coverage stagnates, pension insurers are likely to be negatively affected because fewer people are saving. In this context, some pension insurers may be more inclined to accept regulation of their affairs despite their historical aversion to regulatory intervention. In light of this ambiguity, I expect pension industry representatives to be 'consenters' in universalising reforms to private pensions. Since unions have often supported the extension of private pensions as a second-best alternative to a state earnings-related pension, I put forward the idea that a) it is unions who have been the driving force behind recent top-down regulation to extend private pension coverage, and b) they have pushed for such regulation wherever there has been an absence of a significant earnings-related state pension.

Yet of course, neither unions nor other interest groups are directly involved in introducing top-down social policy legislation. How then might such demands play out politically in the absence of the institutional capacity for collective self-regulation? Under what conditions will union demands for the top-down regulatory extension of private pension coverage produce results in the face of employer opposition? Here I draw simply from Power Resource Theory in expecting that union demands for mandatory employer contributions to occupational pensions will produce results when a strong left government is in power. However, following Häusermann (2010) I also expect that union demands for the extension of private pension coverage may be met when a non-left government is in power, as part of a 'modernising compromise' in which they pass cost-cutting reforms in a fragmented political setting.

State Pensions

Turning now to the state pension, I take as my starting point the idea that targeting may create opportunities for universalising reform. However, rather than expecting universalising reform to result from any ideological commitment of right-of-centre governments to encouraging the market as Green-Pedersen does (Green-Pedersen, 2003), I draw from Baldwin in emphasising the causal role of particular social interests. From Baldwin's account, I derive two 'logics' of reform that stem from the prevalence of means testing.

First, I draw on Baldwin's account of German pension politics in the immediate post-war period. Here workers mobilized in favour of universal insurance to broaden the risk pool, against the desires of secure self-employed and salaried employees to stay out of the contributory system. I expect that this logic is all the more salient where those uncovered by contributory insurance are reliant on means-tested benefits, since those who pay for both their own pension through social insurance contributions as well as the means tested benefits of others through general taxation have an even stronger interest in reforms to broaden the coverage of the contributory system. Therefore, the first 'logic' that I expect to be relevant in explaining universalising reform stems from the mismatch between the prevalence of means-testing and a contributory system with restricted coverage. Hereafter, I call this the 'cost sharing' logic.

Second, and likely to be of greater relevance in the mature pension systems of interest in this thesis, I draw from Baldwin's account of the universalising post-war pension reforms in Sweden, Denmark and the UK. In particular, my point of departure is Baldwin's claim that these reforms were a response to the demands of those who had significant private provision that barred them from receipt of state benefits under the status quo. Whereas in Sweden, those with significant private means were 'affluent independents and salaried employees' represented by bourgeois parties, in Britain and Denmark, private pensions had become so prevalent that they were not confined to those on high incomes. In these cases it was therefore not only the core constituencies of the right, but also those of the left that stood to gain from universalising reform.

The second 'logic' that I expect to be relevant in explaining universalising reform to the state pension therefore stems from the mismatch between the prevalence of means-testing and the prevalence of private pensions. Hereafter I call this the 'private savings' logic. Where targeted pensions are prevalent, those who have saved privately for retirement may find their state pension reduced, and for this reason may benefit from universalising reforms such as lowering the rate at which public pensions are withdrawn with growing pension income or lowering contributions requirements to the state pension. Notwithstanding the uneven coverage of voluntary private pensions in favour of those on high incomes, I expect that in market-heavy systems private pensions will be sufficiently prevalent that those affected by means-testing will cut across the political spectrum. I expect in other words that both right and left-of-centre parties will count amongst their constituents a significant number of individuals who stand to gain from universalising reforms.

However, in a post-industrial setting, I expect that universalising reform is less feasible for left-of-centre parties than it is for right-of-centre parties. In this I am guided by the 'Nixon-goes-to-China' logic that reputation matters. Although the phrase is usually used to refer to the ability of left-of-centre parties to retrench, the underlying logic is that reputation matters. I expect that just as left-of-centre parties 'own' the welfare state issue, right-of-centre parties 'own' the fiscal rectitude issue. If this is the case, voters will tend to believe right-of-centre parties when they accuse left-of-centre governments of being fiscally reckless. If a left-of-centre government proposed welfare state expansion, it would be a tempting vote-seeking strategy for right-of-centre parties to oppose. On the other hand, a right-of-centre party would have much to gain from initiating popular expansionary reforms and little to lose, as due to their reputation for fiscal profligacy left-of-centre parties would be unlikely to gain votes by attacking welfare state expansion. By this logic therefore, it is right-of-centre parties that I expect to initiate universalising public pension reforms.

In sum then, I approach my empirical analysis of the universalising changes presented in chapter two with the following theoretically derived propositions.

1) *Regulatory change to make private pensions more universal is the result of union demands for the extension of private pension coverage in the absence of a significant earnings-related state pension. Where there is no institutional capacity for collective self-regulation, these demands are addressed when either:*

    a. *A strong left government is in power*

       Or

    b. *A non-left government seeks to pass cost-cutting reforms in a fragmented political system*

2) *Reforms that make the public pension more universal stem from the prevalence of means-testing. They occur under right-of-centre governments as a result of either:*

    a. *A mismatch between means testing and a contributory system with restricted coverage (because those insured under the status quo could benefit from universalising reform)*

       Or

    b. *A mismatch between the prevalence of means-testing and the prevalence of private pensions (because those who save privately for retirement and find their eligibility for state benefits reduced under the status quo could benefit from universalising reform)*

3.3 RESEARCH DESIGN

The theoretical propositions that I have developed regarding the universalising reforms of interest in this thesis are causally rather complex. Although I expect that universalising reforms to the state pension will take place where means-testing is prevalent, I do not expect that the prevalence of means-testing alone will be sufficient for universalising reform to occur. Instead, I expect that the prevalence of means-testing will lead to universalising reform only under a right-of-centre government. Similarly, I expect regulatory reforms mandating the extension of private pension coverage will not occur wherever there is a strong left government, but only where the absence of a state solution to the problem of earnings replacement in old age leads to union demands for the extension of private pension coverage as a second-best alternative. Any method used to analyse the reforms in question must therefore be capable of capturing *conjunctural causation*, i.e. where causally relevant conditions do not display their effects on their own, but only together with other conditions.

Equally importantly, according to the theoretical propositions developed in the previous section, universalising reforms may happen for a number of different reasons. While in some contexts right-of-centre governments might universalise the state pension in response to the mismatch between means-testing and private pensions, in other contexts universalising reform to the state pension may be driven by the mismatch between means-testing and a contributory system with restrictive coverage. Similarly, in some contexts union demands for the extension of private pension coverage as a second-best alternative to a state solution may lead to the extension of private pension coverage through collective agreements. Where instead the institutional capacity for collective self-regulation is absent, such demands might find their political expression through a strong left government, and in fragmented political settings the same demands might lead to reform when a right-of-centre government engineers a modernising compromise. Thus, any method used to explain universalising change must be able to capture *equifinality*, i.e. where alternative causal logics produce the same outcome.

Introducing QCA

Such causal complexity can be captured by modelling social phenomena in terms of set-relations, in particular by using Qualitative Comparative Analysis (QCA), the set-theoretic approach most directly associated with causal interpretation (Schneider and Wagemann, 2012, Berg-Schlosser et al., 2009). QCA was developed in the late 1980s by Charles Ragin for the macro-comparative analysis of social phenomena. Initial applications were in comparative politics and historical sociology, and often had the welfare state as the object of study (Berg-Schlosser et al., 2009: 3). The epistemological roots of the approach are empiricist, positivist and deterministic. QCA draws on J.S. Mill's 'method of agreement' and 'method of difference' which seek to establish the cause of an event by systematically matching and contrasting cases in such a way as to eliminate all other possible causes (Berg-Schlosser et al., 2009: 3).

The foundations of the QCA approach are set out in a book called 'The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies' (Ragin, 1987). As the title suggests, Ragin presents QCA as a 'synthetic strategy' to 'integrate the best features of the case-oriented approach with the best features of the variable-oriented approach' (Ragin, 1987: 84). On the one hand, QCA breaks down cases into variables – a number of conditions and an outcome. On the other hand, each case is also considered to be 'a complex combination of properties, a specific whole that should not be lost in the course of analysis' (Berg-Schlosser et al., 2009: 6). In this way QCA allows for the systematic comparison of cases, while at the same time doing justice to within-case complexity (Ragin and Rihoux, 2009: xviii).

Here it is useful to make a distinction between QCA as a logical procedure, and QCA as a research approach. The 'QCA procedure', which is described below, is a formalised process of comparison. It aims to allow replicability and to force a greater precision of causal claims than pure qualitative methods. The 'QCA approach' is the broader research process within which the QCA procedure is embedded. It involves a 'holistic' focus on individual cases, in order to allow a greater insight into the causal mechanisms underlying social phenomena than pure quantitative methods (Berg-Schlosser et al., 2009: 14, Schneider and Wagemann, 2012: 9, De Meur et al., 2009: 161).

THE QCA PROCEDURE

The formalised QCA procedure starts with the process of 'calibration' - the assigning of set membership scores to cases. A set is a boundary that defines a concept; for example, a particular country may or may not be a member of the set of countries with market-heavy pension systems. Cases are assigned membership in previously defined sets that represent a) the outcome of interest and b) the conditions that are considered to be causally relevant in explaining this outcome. Sets may be 'crisp', admitting only the possibility of full membership (represented by a membership score of 1) or full non-membership (represented by a membership score of 0). Alternatively, sets may be 'fuzzy', admitting of differences in degree of set membership and allowing for set membership scores that fall anywhere between the values of 1 and 0 (Schneider and Wagemann, 2012).

Once set membership scores have been calibrated, the QCA procedure consists of identifying conditions or combinations of conditions that are subsets or supersets of the outcome of interest. These indicate relationships of sufficiency and necessity respectively. This procedure is carried out using specialist software which performs an algorithmic transformation of assigned membership scores into a 'truth table'. The truth table lists all logically possible combinations of causal conditions alongside the empirical instances of each configuration, and then the software uses an algorithm based on Boolean algebra to 'minimise' the truth table and identify combinations of causal conditions that are necessary and/or sufficient for producing the outcome. The combinations of necessary and sufficient conditions that make up the results of the QCA procedure are summarized in the form of a solution formula and parameters of fit (Schneider and Wagemann, 2012).

INTERPRETATION OF THE RESULTS

The statements of necessity and sufficiency that result from the QCA procedure must be interpreted if they are to offer a causal explanation for the outcome of interest. As Goldthorpe points out, 'logical methods… do not, in themselves, provide an account of the actual processes involved (Goldthorpe 1997: 14 in De Meur et al., 2009: 159). The QCA procedure does not describe a process, but rather 'the conditions that are present or absent when an outcome of interest is observed or not observed' (De Meur et al., 2009: 160). As such, the QCA procedure cannot in itself shed much light on the causal mechanisms at work.

It is therefore the task of the researcher to develop causal explanations, and to spell out the causal links between conditions and outcomes in a narrative fashion (Schneider and Wagemann, 2010: 412). For this reason detailed knowledge of individual cases is inherent to the QCA approach, and discussions of carefully chosen 'typical' or 'deviant' cases are very useful for making sense of the results of the QCA procedure and inducing theoretical meaning (Schneider and Wagemann, 2012: 305-312).

I conduct my empirical research with this in mind. I start with a set of causal propositions formulated through the synthesis of a diverse literature. Throughout the QCA process I build an understanding of the reform context and policy history of each of the nine countries under study. In addition, I present both typical and deviant country cases. These provide explanatory narratives that link the institutional conditions identified in the QCA to policy outcomes of universalising change through the preferences of relevant political actors. In this way, the country cases allow me to build upon my initial theoretical propositions.

The centrality of case knowledge to the QCA approach makes it well suited to go beyond the testing of hypotheses or existing theories. In particular, QCA is well suited to build upon and extend theoretical arguments that are 'modest and context-sensitive in the tradition of 'grounded' approaches that are historical, qualitative and empirically differentiated' (Berg-Schlosser et al., 2009: 7). In other words, QCA is suited to 'medium range' theorising and the 'modest generalisation' of causal explanations to similar cases rather than to the development of universal causal explanations in the form of 'grand' social theories (Ragin, 1987, De Meur et al., 2009: 171, Berg-Schlosser et al., 2009: 12). As such, QCA is an approach that fits well with the historical institutionalist flavour of the theoretical expectations developed in the previous section.

SELECTION AND CALIBRATION OF CONDITIONS AND OUTCOMES

The selection and calibration of conditions involve moving back and forth between prior theoretical knowledge, and empirical insights and case knowledge gained during the research process (Ragin, 2000, Schneider and Wagemann, 2012). This 'iterative' nature of QCA stands in contrast with the principles of research based on inferential statistics, which require that the data has not been screened prior to testing the hypothesis. QCA conditions are selected because they are expected to be relevant for producing the outcome of interest, on the basis of both initial hunches and established theoretical and empirical knowledge (Berg-Schlosser et al., 2009).

Thereafter, it is encouraged that preliminary findings are used as justification for adding, dropping and reconceptualising conditions.

The process of calibration proceeds in the same way. Explicit arguments based on both theory and on the researcher's developing case knowledge should justify the choice of threshold that determines whether a case is more in or more out of a set. This threshold reflects the point of maximum ambiguity regarding a case's membership in the concept of interest, and is also known as the '0.5 anchor'. Choosing where to place the 0.5 anchor is the most important decision to be taken in the calibration process. In crisp sets, it is the only decision that needs to be made. With fuzzy sets, the position of anchors for full membership and full non-membership must also be chosen, and the researcher must specify how the underlying raw data translate into set membership scores given the qualitative anchors chosen. It is good QCA practice to discuss and document these calibration decisions in detail and as transparently as possible (Ragin, 2008). All the data necessary to replicate the analysis should be provided, and the use of multiple empirical sources for calibrating each set is encouraged (Schneider and Wagemann, 2012, Schneider and Wagemann, 2010).

With the iterative nature of the QCA approach in mind, I select initial conditions on the basis of the theoretical propositions developed in the previous section. I run and interpret a large number of fsQCAs with various combinations of conditions. I revise my models by adding, dropping and recalibrating conditions until they can be interpreted convincingly in light of my case knowledge. Two models result from this iterative process, one addressing universalising reforms in public pensions, and the other universalising change in private pensions. While the final model addressing changes to private pensions does not depart from the initial theoretical propositions, the final model addressing public pension reforms includes two conditions introduced on a purely inductive basis. These final models are presented in chapters four and five respectively. In line with the centrality of the calibration process in the QCA procedure, a large part of these two chapters are dedicated to presenting and justifying the calibration of set-membership scores for the final conditions.

Fuzzy-set QCA

Fuzzy sets are so called due to conceptual boundaries that cannot be sharply defined and not because of imprecise empirical measurement (Ragin, 2000). As Schneider and Wagemann explain, 'the problem of identifying where exactly the difference is between a bald and a non-bald person is not resolved by knowing the precise number of hairs remaining' (Schneider and Wagemann, 2012: 27). If a given case has a fuzzy-set membership score of, say, 0.8, this reflects precise empirical information about that case. Fuzzy sets therefore contain more rather than less information than crisp sets, and consequently set higher standards for subset relations. For this reason I use fuzzy sets wherever possible, reserving the use of crisp sets for when conditions naturally lend themselves to being dichotomous or due to data availability. The type of set used determines the type of QCA algorithm used. Since crisp-set conditions can be integrated into a fuzzy set QCA but fuzzy set conditions cannot be included in a crisp-set QCA my analyses are fuzzy-set.

Conclusion

To summarise, in designing my research I am primarily guided by the type of causal relationships that I expect to find, on the basis of my reading of the existing literature. In particular, I expect that universalising reforms will not result from a uni-causal and context-invariant logic, but rather that they will occur as part of a complex causal interplay between a number of aspects of the institutional context. For this reason, I use the QCA approach to conduct my empirical investigation.

Since I expect universalising reform through the extension of state pensions and universalising reform through the extension of private pensions to mobilize political actors in different ways, I conduct two separate fuzzy-set Qualitative Comparative Analyses. I select initial conditions on the basis of the theoretical expectations developed in the previous section, and draw on the case knowledge gained during the iterative research process to revise my models by adding, dropping and reconceptualising conditions. The final models presented in the next two chapters are interpreted in light of both typical and deviant country cases. These cases, which are presented in chapter six, provide explanatory narratives.

They link the institutional conditions identified in the QCA to policy outcomes of universalising change through the preferences of relevant political actors, and allow me to build upon my initial theoretical expectations.

CHAPTER FOUR

MAPPING THE CONDITIONS ASSOCIATED WITH UNIVERSALISING CHANGE IN PUBLIC PENSIONS

In this chapter I present a fuzzy-set Qualitative Comparative Analysis of reforms that have made the state pension more universal in nine market-heavy pension systems over almost three decades from 1980 to 2009. I begin with a detailed discussion of the model - I explain my case selection in section one, and the choice, measurement and calibration of outcomes and causal conditions in sections two and three respectively. I section four I present and discuss my results.

4.1 CHOOSING COUNTRY-DECADES AS CASES

I split my data into three decades 1980-1989, 1990-1999, and 2000-2009, and I run my QCA not with nine country cases, but with twenty-seven country-decade cases. Since country-decades are analytical constructs rather than pre-existing conceptual units such as countries, the choice of country-decades as cases requires some justification.

First and foremost, the use of country-decades as cases offers analytical leverage by introducing variation in causal conditions over time. By contrast, the use of simple country cases would produce a purely cross-national analysis. At best, this might yield an explanation of why most countries passed universalising reform whilst others did not, without explaining within-country shifts in policy direction over time. At worst, the tendency of causally relevant structural, institutional and political conditions to cluster at the country level might limit the analysis and hinder even the explanation of cross-national differences.

The inclusion of time as a causally relevant dimension in Qualitative Comparative Analysis has received some attention in recent years, resulting in the development of a distinct form of QCA called temporal QCA (Schneider and Wagemann, 2012: 9). Yet in this thesis I am not interested in time as a causally relevant dimension, but rather in the variation that causal conditions display over time and the analytical leverage this variation may bring. For this reason I adopt the analytical construct of country-decades rather than using a variant of QCA to incorporate the temporal ordering of conditions.

But why country-decades as opposed to the country-years customary in regression analysis, or country-months, or country-five-years or any other such analytical construct? In choosing country-decades as cases, I try to account for the fact that reforms take time and are not instantaneous responses to changing conditions. It takes time for socioeconomic pressures to influence the policy preferences of political actors. It takes time to develop policy responses, to move from expert commission, to Green Paper, to government bill and parliamentary legislation. There are multiple items on the political agenda at any time, and many issues compete for the attention of policymakers. In choosing country-decades as cases, I have tried to strike a balance between the idea that change in relevant causal conditions leads to reform and the idea that reform is not an instant reaction to such change.

In striking this balance, I have drawn on my knowledge of the policy process that led up to the reforms of interest. By presenting the often lengthy policy process from causal conditions to reform, the case studies in later chapters move the focus away from the analytical construct of country-decades towards real countries, and go some way towards supporting the choice of country-decades as a suitable unit of analysis in the QCA. In addition, I have conducted the QCA using country-five-years as cases. The results, which are included in Appendix F, lend further support to the choice of country-decades.

4.2 Measurement and calibration of the reform outcome

The outcome of interest is the presence of universalising reform. For each country-decade, I calibrate membership in the fuzzy-set '*reform*' according to how much any needs-based or contributory arrangements restrict coverage, in line with the understanding of the concept of universalism that I presented in chapter one. To do this I draw on my own database of reforms, as well as on a range of government reports and secondary sources, and construct a four value fuzzy-set, the coding scheme for which is presented in Table 6 on the next page.

Table 6. Coding scheme for the reform outcome

Fuzzy-set score	*Membership in the set of cases that have experienced significant universalising reform*
1	fully in
0.67	more in than out
0.33	more out than in
0	fully out

Such a method of calibration is 'especially useful in situations where researchers have a substantial amount of information about cases, but the nature of the evidence is not identical across cases' (Ragin, 2009: 90). The calibration of the reform outcome is explained in detail for each country-decade in Box 1 below. The calibrated conditions are then summarised in Table 10.

Box 1: Calibration of the reform outcome 'reform'

Australia-1980 (AUS80), Australia-1990 (AUS90)* and *Australia-2000 (AUS00)

The state pension in Australia consists solely of the means-tested *Age Pension*. Reforms in 1983 and 1985 tightened the means-testing of the Age Pension, decreasing its coverage. *The country-decade of AUS80 therefore lies 'fully out' of the set 'significant universalising reform'.*

There were no reforms that affected the universalism of the Australian state pension in the 1990s. *The country-decade of AUS90 therefore lies 'fully out' of the set 'significant universalising reform'.*

The trend since has been reversed. In 2000 the asset and income taper test rates were reduced from 50% to 40%, and the income and asset test 'free' areas were increased by 2.5%. Though I have not been able to find an impact assessment that directly estimates the impact of this policy on Age Pension coverage, from research estimating the impact of a similar policy change it is possible to infer that around 2% of seniors would be newly eligible for the Age Pension after this change (Kelly, 2009: 24). In 2007 the assets test taper rate was halved, and the assets test threshold was raised from $343,750 to $529,250. This resulted in an estimated 300,000 extra seniors becoming eligible to receive the Age Pension, or 8% of those who were over 60 at the time of the reform (Australian Bureau of Statistics, 2009: 40, Nielson and Harris, 2010, Organisation for Economic Co-operation and Development, Various Years). Since in Australia two universalising reforms were introduced in the 2000s which together extended coverage significantly, *I consider the country-decade AUS00 to be 'fully in' the set 'significant universalising reform'.*

Canada-1980 (CAN80), Canada-1990 (CAN90)* and *Canada-2000 (CAN00)

The Canadian state pension consists of a) the basic *Old Age Security (OAS)* pension which is based on residence and subject to an income test or 'claw-back' operated through the tax system, b) the *Guaranteed Income Supplement (GIS)* which is a means-tested supplement to the basic *OAS* pension, and c) the *Canada Pension Plan (CPP)* which is an earnings-related supplement to the *OAS.*

In the three decades under consideration Canada implemented two reforms, both of which increased the targeting of the state pension. Canada introduced an affluence test in 1989 to 'claw back' *OAS* benefits from high income pensioners, and a change to the benefit formula of the earnings-related *CPP* scaled back contributory benefits and in this way constituted a shift towards targeting. *The country-decades of CAN80 and CAN90 and CAN00 therefore all lie 'fully out' of the set 'significant universalising reform'*.

Denmark-1980 (DEN80), Denmark-1990 (DEN90)* and *Denmark-2000 (DEN00)

The Danish state pension consists of a) the basic National Pension *(Folkepension),* which is flat-rate and based on citizenship, b) the working-hours related *Arbejdsmarkedets Tillaegspension* or *ATP* and income-related *Særlige Pensionsopsparing* or *Special Pension* (*SP)*, and c) the income-tested *Pension*

Supplement[3].

In 1987 Denmark loosened the income test for the *Pension Supplement*. By the time this change was fully implemented, in 1993, the number of pensioners who received the income tested supplement had risen by 15% (the number of pensioners who received the full supplement rose from 48% in 1987 to 69% in 1993, whereas the number who received the reduced supplement decreased from 18% to 12%) (Green-Pedersen, 2000: 75-76). On the basis of this reform, *I consider the country-decade of DEN80 to lie 'fully in' the set 'significant universalising reform'*.

The country shifted towards targeting in 1993 when it passed a reform that reduced the Basic Pension and increased the Pension Supplement by the same amount. This reform had the effect of increasing the relative importance of the Pension Supplement relative to the Basic Pension. Over time, as occupational pension schemes introduced through collective agreements in 1991 mature, fewer people will be entitled to the Pension Supplement. As a result 'for the system in general the change made in 1993 was a step away from universalism' (Green-Pedersen, 2003: 12).

However, in 1996, Denmark passed a reform extending ATP contributions to cover those on sickness, maternity, and unemployment benefits for the first time (Green-Pedersen, 2006: 484- 486). This extension of ATP coverage to these individuals was a significant universalising reform. Taking into account the two reforms, and on the basis of qualitative assessments of the Danish case (Green-Pedersen, 2003) *I consider the country-decade DEN90 to lie 'more out than in' the set of cases which have experienced significant universalising reform.*

In 2003, Denmark introduced the 'elderly check', a tightly targeted benefit paid only to pensioners with no income aside from the state pension (Green-Pedersen, 2003, Green-Pedersen, 2006). On the basis of this reform and in the absence of any universalising reforms in this decade, *I consider the country-decade of DEN00 to lie 'fully out' of the set 'significant universalising reform'.*

[3] Separate supplementary schemes exist for civil servants and the disabled.

Ireland-1980 (IRE80), Ireland-1990 (IRE90)* and *Ireland-2000 (IRE00)

The Irish state pension consists of the *State Pension (Contributory),* which is a flat-rate pension based on social insurance (PRSI) contributions, and a means-tested safety net in the form of the *State Pension (Non-Contributory)*.

In 1988, Ireland extended the coverage of the contributory state pension significantly, by introducing compulsory PRSI for the self-employed for the first time. It is on the basis of compulsory PRSI contributions to the Social Insurance Fund that contributors become eligible for the contributory state pension. This extended coverage by 10-12% of the workforce in the three years immediately following the reform. Of these self-employed people who were newly covered, many are expected to build up sufficient contributions to make them eligible for the contributory state pension (IHRC, 2006: 21) *and I therefore consider the country-decade AUS00 to be 'fully in' the set 'significant universalising reform'.*

In 1991 the coverage of the contributory state pension was increased further with the inclusion of part-time workers into the Social Insurance Fund. This was a significant increase. At the time of the reform, part-time workers in Ireland made up around 9% of the total, and a large number of these can be expected to build up enough PRSI contributions to be eligible for the contributory state pension. Moreover, part-time work has since become more common - ten years after the reform, part-time workers in Ireland made up 16% of the total (European Foundation for the Improvement of Living and Working Conditions, 2007: 3). In 1994 the coverage of the contributory state pension was further extended with the introduction of the Homemakers' Scheme. As a result of this reform, up to twenty years spent caring for children or incapacitated adults would now be disregarded when a person's social insurance record was averaged for contributory purposes. The extension of coverage that resulted from this reform was of smaller magnitude to the reforms of 1988 and 1991- a total of 15,034 people registered for the scheme between its introduction in 1994 and 2007. Since other qualifying conditions still apply, many but not all of those registered for the scheme will build up eligibility for a contributory state pension (2007). In 1997, Ireland passed a reform increasing the minimum contributions required for eligibility to the Old Age (Contributory) State Pension. Although this reform was significant and cannot be ignored, the overall trend remains that of an increase in the number of people qualifying for pensions based on their social insurance record rather than through means testing (Cliath, 2007: 58-59). To reflect this *I place the country-decade IRE90 'more in than out' of the set of cases which have experienced significant universalising reform.*

In 2006 Ireland moved towards universalism again when it increased the means test disregard from EUR 7.60 to EUR 20.00 per week. This reform was estimated to 'lift some 34,000 pensioners onto higher or full pensions' (2006). This is equivalent to extending the coverage of the non-contributory state pension by around 5% of the over 60s (own calculation, (Organisation for Economic Co-operation and Development, Various Years)). *I therefore consider the country-decade IRE00 to lie 'more in than out' of the set of cases which have experienced significant universalising reform.*

Netherlands-1980 (NET80), Netherlands-1990 (NET90)* and *Netherlands-2000 (NET00)

The Dutch state pension consists solely of the *Algemene Ouderdomswet (AOW),* which is flat-rate and based on residence. In the Netherlands, there were no reforms that affected the universalism of the state pension at all in the period under consideration. *The country-decades of NET80 NET90 and NET00 therefore lie 'fully out' of the set 'significant universalising reform'.*

New Zealand-1980 (NZ80), New Zealand-1990 (NZ90)* and *New Zealand-2000 (NZ00)

The state pension in New Zealand is called *New Zealand Superannuation*, and is flat-rate and based on residence. New Zealand moved away from universalism in 1986 when it introduced the Superannuation Surcharge, an affluence test affecting 23% of superannuitants. *The country-decade of NZ80 therefore lies 'fully out' of the set 'significant universalising reform'.*

After a small increase in the affluence test from 20% to 25% in 1990, the Superannuation Surcharge was abolished completely in 1997, leaving a universal flat-rate state pension conditional only on residence. *The country-decade of NZ90* *therefore lies 'fully in' of the set 'significant universalising reform'*

Having experienced no reforms that affected the universalism of its pension system in the 2000s, *the country-decade of NZ80 therefore lies 'fully out' of the set 'significant universalising reform'.*

Switzerland-1980 (SWI80), Switzerland-1990 (SWI90)* and *Switzerland-2000 (SWI00)

The Swiss state pension consists of a) the *Alters- und Hinterlassenenversicherung/Assurance Vieillesse et Survivants (AHV/AVS)* which is earnings-related and based on social insurance contributions, and b) an income-tested pension supplement called the *Ergänzungsleistungen/Prestations Complémentaires (EL-PC).*

Switzerland tightened the means test in 1985, lowering complementary benefits for pensioners with their own savings. *The country-decade of SWI80 therefore lies 'fully out' of the set 'significant universalising reform'.*

In the 1990s there were no reforms affecting the universalism of the state pension in Switzerland. On this basis, *I consider the country-decade SWI90 to lie 'fully out' of the set of cases which have experienced significant universalising reform.*

Switzerland shifted towards targeting in 2003 when it introduced cutbacks in pension indexation. *The country-decade of SWI00 therefore lies 'fully out' of the set 'significant universalising reform'.*

United Kingdom-1980 (UK80), United Kingdom-1990 (UK90)* and *United Kingdom-2000 (UK00)

The state pension in the UK consists of a) the *Basic State Pension,* which is flat-rate and based on social insurance contributions, a) the *State Earnings Related Pension (SERPS) or Second State Pension (SSP)* which is earnings-related and subject to an opt-out clause, and c) an income-tested supplement *(Minimum Income Guarantee or Pension Credit)*

The UK shifted away from universalism in the 1980s when it moved from earnings to price indexation of the state pension, and again in the 1990s when it increased the generosity of the Minimum Income Guarantee. *The country-decades UK80 and UK90 therefore lie 'fully out' of the set 'significant universalising reform'*

In 2000s, the UK made three significant reforms increasing the universalism of the state pension. In 2000, it introduced credits for carers and disabled people with broken work records to enable them to build up entitlements to the state pension. Then in 2002, it loosened the means test. The Minimum Income Guarantee which was withdrawn at a rate of 100% as outside income increased, was replaced by the Pension Credit which was to be withdrawn at a rate of 40 % (Emmerson and Disney, 2005: 75). This inevitably increased the number of individuals who are eligible. Moreover, because the Act indexed the Pension Credit to prices while the Basic State Pension remained indexed to earnings (temporarily, but with the aspiration to make this permanent) eligibility to the Pension Credit was expected to increase more over time. Using the IFS tax and benefit model, and detailed information on incomes from the 2002-03 Family Resources Survey, Emmerson and Disney estimated that the number of individuals in families containing an individual aged 65 or over eligible for the Pension Credit would increase in the first instance by around 18.4% (from 27.4% of individuals to 45.8% of individuals) in 2004-5, and subsequently to 71.1% of individuals by 2050-51 (an increase of 43.7%) as a result of the reduction of the withdrawal rate to 40% (Emmerson and Disney, 2004: 33). Estimates published by the DWP using a similar model but assuming that real earnings growth would only average 1½% a year suggested that entitlement will increase by 15%, from 50% in 2002 to 65% in 2050 (DWP, 2002). On either estimate, this reform increased eligibility to state benefits substantially, however it did so by extending eligibility to means-tested benefits whilst eligibility to the basic state pension remained unaltered. It extended coverage of the state pension, but in doing so it increased the role of means tested benefits relative to non means-tested benefits.

In 2007 the UK re-introduced earnings uprating, and loosened the eligibility conditions for receipt of the basic state pension, most notably by reducing the number of qualifying years needed for a full basic State Pension to 30 (from 44 for men and 39 for women). The immediate effect of this reform (as of its implementation in 2010) was to increase the number of women retiring on a full basic State Pension by around 20% - from around 70 % of those reaching State

Pension age in 2010 instead of around 50 % without reform (DWP, 2006c: 108). In the long run, as the effects of earnings uprating kick in, the combined impact of the reforms to the structure and coverage of the State Pension will be 'a considerable reduction in the number of people whose entitlements will be means-tested in the future' compared to what would have happened in the absence of reform. The DWP estimated that under current policies projected forward, around 70 % of pensioner households will be entitled to some Pension Credit by 2050. As a result of the 2007 reforms, that figure will be reduced to around 30 %, i.e. a 40% decrease (DWP, 2006c: 122-123). The Pensions Policy Institute agreed that the state pension reforms introduced in the *Pensions Act 2007* were likely to mean "a large fall in future Pension Credit eligibility" compared to what would have happened in the absence of reform. The Pensions Policy Institute provided an estimated range of possible Pension Credit entitlements in 2050, from 25% to 55%. Under its central scenario, eligibility is projected to fall slightly less, to 40% in 2050 (Pensions Policy Institute, 2007). As a result of the 2007 reform therefore, these individuals are no longer eligible for the Pension Credit, because they are eligible for the basic state pension instead. So, in addition to the immediate effects on pension entitlement, the Pension Act of 2007 increases pension coverage as a social right substantially in the long term compared to what would have happened in the absence of reform, but also (if we remember that in 2004-05 around 45.8% individuals were entitled to the pension credit (Emmerson and Disney, 2004: 33)) compared to what the situation was just prior to the reform. To reflect these reforms, *I therefore place the country-decade UK00 'fully in' the set 'significant universalising reform'.*

United States-1980 (US80), United States-1990 (US90) **and** ***United States-2000 (US00)***

In the United States the state pension consists of a) *Social Security,* which is earnings-related and based on social insurance contributions, and b) the *Supplementary Security Income,* a means-tested supplement.

In the US universalism decreased incrementally throughout the 1980s and 1990s. There were no universalising reforms in the period under consideration. Instead, the means-test was tightened in 1981, and certain categories of people (drug addicts and alcoholics) were excluded from the minimum pension in 1993 and 1996. *I* *therefore place the country-decades US80, US90 and US00 'fully out' of the set 'significant universalising reform'.*

4.3 Choice, membership, and calibration of causal conditions

The five causal conditions included in this model have been chosen through the iterative research process of going back and forth between theory and empirical cases. Three conditions can be seen to follow directly from the theoretical propositions that I developed in chapter three. The *first of these conditions is the prevalence of targeting within the pension system*, which the literature review showed may result in key political actors having an interest in universalising reform.

In chapter three I put forward two distinct logics through which I expect that means testing can lead to universalising reform. The first 'cost sharing' logic is simply that where a contributory pension system leaves many people uncovered and reliant on means-tested benefits, those who pay for both their own pension through social insurance contributions as well as the means tested benefits of others through general taxation have an interest in reforms to broaden the coverage of the contributory system. To capture this logic therefore, *the second condition I include in the QCA is the presence of social insurance finance rather than general taxation finance*.

The second logic behind why means testing may generate an interest in universalising reform is particularly relevant in market-heavy pension systems, and stems from the mismatch between the prevalence of means testing and private savings. In chapter three I called it the 'private savings' logic. Where state pensions are targeted, those who have saved privately for retirement may find their state pension reduced and for this reason also have an interest in universalising reforms. In a time of austerity, the literature review suggests that it may be difficult for left-of-centre governments to respond to this logic. *The third condition included in the analysis is therefore the presence of a right-of-centre government*.

Two further conditions included in the model have been chosen on a purely inductive basis. These are *a low rate of national savings* and *the absence of a* *significant earnings-related state pension*. These two structural conditions turn out to be crucial for developing an adequate explanation of why universalising reforms happened where and when they did. The *fs*QCA presented below shows that these two conditions are necessary parts of the 'private savings' logic of reform. In the country cases that follow in chapter six, I show why this is the case, arguing that the absence of a significant earnings-related state pension matters because it mobilises representatives of the pension industry to put the removal of disincentives to private saving on the political agenda, and that low rates of national saving are used by governments to legitimize a shift in focus from fiscal restraint to the encouragement of private savings.

With five causal conditions, I keep the number of conditions included in my *fs*QCA at a moderate level. In this way, I ensure that the number of logical remainders does not grow to such a level where it leads to problems of limited diversity, and I avoid the danger that the solution term becomes too complex, capable only of describing individual cases and impossible to interpret in a theoretically meaningful manner. The following subsections describe the measurement and calibration of these five causal conditions in turn.

A RELIANCE ON TARGETING (HI_TARG)

In the previous section I suggested that the prevalence of means testing may lead to key political actors having an interest in universalising reform, stemming either from a mismatch between contribution financing and means-testing, or from a mismatch between the prevalence of means-testing and private savings. The first condition that I include in my analysis therefore aims to capture the reform pressures that targeting can generate.

For each country-decade, I calibrate membership in the crisp-set '*hi_targ*' according to how prevalent means testing is. I draw on a range of government reports and secondary sources and collect data on the proportion of elderly either receiving means-tested benefits or affected by an affluence test. However, since reliance on means-testing is a classic characteristic of 'Liberal' welfare regimes which are over-represented in my universe of cases, relying on this data alone is likely to be a poor guide to defining what constitutes prevalent means testing.

I therefore calibrate the condition *hi_targ* using criteria for set membership that are external to this data. In particular, I used OECD data on the 'percentage of over 65s receiving a targeted pension' and took the mean of 15% as the threshold for membership in the set of countries where means-testing is prevalent. Although this data is not available in time-series and refers to 'the most recent year available' in 2011, it suffices to place my cases within the conceptual set of 'cases where means-testing is prevalent'. I create a crisp rather than a fuzzy set, and use the 15% threshold to dichotomise my data on means-tested benefit recipiency. As a robustness check, I also calibrate the data to create a fuzzy set, using the direct method of calibration with 15 as the 0.5 anchor, and the 0 and 1 anchors at 6 and 65 respectively - guided by prominent gaps in the data. Again, the decision to place the UK80 above or below the 0.5 anchor makes no difference to the result, and as expected, the solution term remained the same when using the fuzzy set version of this condition. The data behind of the condition *hi_targ* is set out in detail for each country-decade in Box 2 below. Both the data and the resulting calibration scores are summarized in Table 7.

Box 2: Calibration of the condition *hi-targ*

Australia-1980 (AUS80), Australia-1990 (AUS90)* and *Australia-2000 (AUS00)

The Australian *Age Pension* starts to be reduced once annual income from other sources exceeds a threshold known as the "free area". The amounts for 2008 were AU$132 in the first half and AU$138 in the second half of the year (calculated fortnightly). Almost 44 per cent of all pensioners have their benefits reduced by the means tests and therefore receive a part-rate *Age Pension*. Within this group 82 per cent are income tested and 18 per cent are assets tested. Just over 56 per cent of pensioners receive the maximum *Age Pension* (Organisation for Economic Co-operation and Development, 2011).

According to the *Welfare Entitlements Data Set*, the proportion of those above statutory retirement age in receipt of the state pension in Australia is very high, though it has declined a little over the past three decades from 78 per cent in the 1980s, to 70 per cent in the 1990s, and to 67 percent in the 2000s (Scruggs, 2004).

Combining data on *Age Pension* recipients published by the Australian Department of Parliamentary Services with OECD population data tells a similar story, with the proportion of *Age Pension* recipients declining from 84 per cent of the over 65s in the 1980s to 73 per cent in the 1990s and 2000s (Daniels, 2011). For comparability with my other cases, I use the Australian and OECD data as the basis for my analysis, though this choice makes no difference to the results.

Canada-1980 (CAN80), Canada-1990 (CAN90)* and *Canada-2000 (CAN00)

In Canada the basic *Old Age Security (OAS)* is subject to an income test or 'claw-back'. For income above CA$66,733 a year, the basic pension in 2010 was withdrawn at a 15 per cent rate, and the benefit was phased out completely for incomes over CA$108,000. In the two decades since it was introduced 1989, the claw-back has affected a steady 5 per cent of OAS recipients (Canadian Department of Finance, 2010).

The *Guaranteed Income Supplement (GIS)* is Canada's means tested supplement to the basic OAS pension, and is reduced against all income other than the basic OAS pension at a 50 percent rate (Organisation for Economic Co-operation and Development, 2011). The Office of the Chief Actuary in Canada publishes annually an *Actuarial Report on the Old Age Security System*. These reports publish the number of *GIS* beneficiaries, and, in combination with OECD population data (Organisation for Economic Co-operation and Development, Various Years) it is therefore possible to calculate the proportion of over 65s receiving *GIS* benefits (Office of the Chief Actuary, Various Years). This data shows that the prevalence of *GIS* benefits has declined slightly over the three decades since 1980, averaging 34 per cent of the over 65s in the 1980s, 29 per cent in the 90s, and 26 per cent in the 2000s.

Denmark-1980 (DEN80), Denmark-1990 (DEN90)* and *Denmark-2000 (DEN00)

In Denmark the *Pension Supplement* is withdrawn at a rate of 30 per cent for singles since the loosening of the income test in 1987 (Organisation for Economic Co-operation and Development, 2011). By combining data on *Pension Supplement* recipients from Statistics Denmark, and OECD population data, I calculate that the proportion of over 65s in receipt of means tested pension benefits in Denmark has risen from 56 per cent in the 1980s, to 73 per cent in the 1990s, to 80 per cent in the 2000s (Statistics Denmark, 2012).

Ireland-1980 (IRE80), Ireland-1990 (IRE90)* and *Ireland-2000 (IRE00)

In Ireland the *State Pension (Non-Contributory)* is the means-tested safety net. There is a small weekly disregard; in 2008 this consisted of thirty Euros disregarded in the means test, and an additional two hundred Euros disregarded in the earnings test. Otherwise, the benefit is withdrawn at 100 per cent of income. There is also an assets test, under which capital sums of more 20,000 Euros are converted to income using a standard formula (Organisation for Economic Co-operation and Development, 2011).

The Irish government publishes an annual Statistical Report on Social Welfare Services (Various Issues: 1998: 24; 2006: 26; 2011: 30) from which it is possible to find the number of recipients of the Old Age (Non-Contributory) pension dating back to 1989. With the help of OECD population data (Organisation for Economic Co-operation and Development, Various Years) I therefore calculate an approximate value for the proportion of over 66s receiving means-tested benefits in Ireland. The data shows that there has been a decline in the recipients of the State Pension (Non-Contributory) over the three decades since 1980, from around 23 per cent of the over 66s in the 80s, to 19 per cent in the 90s and 14 percent in the 2000s. Although the data is not available before 1989, it is safe to say that 23% is a conservative estimate of the proportion of elderly receiving means tested benefits in Ireland in the 1980s, since the prevalence of means testing has steadily declined since the Social Welfare Act of 1988 extended the coverage of the contributory state pension (Houses of the Oireachtas, 2012).

Netherlands-1980 (NET80), Netherlands-1990 (NET90)* and *Netherlands-2000 (NET00)

The Netherlands has no means-tested state pension.

New Zealand-1980 (NZ80), New Zealand-1990 (NZ90)* and *New Zealand-2000 (NZ00)

In 1986 New Zealand introduced an affluence test in the form of the *Superannuation Surcharge*. In the first year of the surcharge about 10 per cent of superannuitants paid the equivalent of their full superannuation back in surcharge payments, and about 13 per cent repaid a partial amount. This makes a total of 23 per cent of superannuitants affected by the surcharge. In 1990, the surcharge rate was increased from 20 to 25 per cent of assessable income and the income exemption was lowered, and this was expected to result in more superannuitants being affected by the surcharge (Preston, 2001). Subsequent changes in the investment decisions of those affected meant that by the time the surcharge was abolished in 1997, it was paid by just 14 per cent of superannuitants. However, what is relevant here is those affected rather than the amount of revenue the government received, and consequently I take 23 per cent to be the best estimate of the proportion of superannuitants affected by this affluence test (New Zealand Ministry of Social Development, 2003: 4, New Zealand Parliamentary Debate, 1997, July 31).

Switzerland-1980 (SWI80), Switzerland-1990 (SWI90)* and *Switzerland-2000 (SWI00)

By combining data from the Swiss Federal Social Insurance Office on the number of recipients of the means-tested *Ergänzungsleistungen - Prestations Complémentaires (EL-PC)* with OECD population data (Office Fédéral des Assurances Sociales - Secteur Statistique, 2011), I calculated that the proportion of over 65s receiving means tested pensions averaged 11 per cent in the 1980s, 12 per cent in the 1990s, and 13 percent in the 2000s.

United Kingdom-1980 (UK80), United Kingdom-1990 (UK90)* and *United Kingdom-2000 (UK00)

In the UK pension system means tested benefits evolved over time, from *Income Support* and the *Minimum Income Guarantee (MIG),* which was withdrawn at a rate of 100 per cent, to the *Pension Credit* which replaced the *MIG* in 2002 was withdrawn at a rate of 40 per cent (Emmerson and Disney, 2005: 75). The Department for Work and Pensions publishes data on the number of people aged 60 and over receiving Income Support, the MIG, or the Pension Credit (Office for National Statistics, 2009). Unfortunately, data is available only from 1994. By combining the available data with OECD population data, I have calculated that the average proportion of over 65s in the 1990s receiving income tested benefits is 18 per cent, and the average for the 2000s is 25 per cent. Since the role of means testing in the UK pension system is expected to have increased as a result of the decision to index the state pension to prices rather than earnings from 1980, it is safe to assume that the prevalence of means testing was lower in the 1980s than it was in the 1990s. Since how much lower cannot be determined, and the prevalence of means testing in the 1990s lies fairly close to the 0.5 anchor of 15 per cent, I run the QCA twice, once assigning the case UK80 a hi_targ value of 0 and once assigning it a hi_targ value of 1. As expected, due to the effect of other conditions (notably lo_erel) the choice has no effect on the solution term.

United States-1980 (US80), United States-1990 (US90) **and** ***United States-2000 (US00)***

In the US, the means tested *Supplementary Security Income (SSI)* is subject to strict income and assets tests. There is a small (US$20 per month) disregard in calculating the *SSI* entitlement, and the benefit is withdrawn at rate of 100 per cent against income above this level. Although states can supplement the *SSI*, in my analysis I take into account only the federal benefit. By combining data from the *SSI Annual Report* on the number of Federally Administered SSI Applications for the Aged (from SSI Annual Report 2011: 31) with OECD population data, I calculated that on average only 1 per cent of the over 65s applied for the *SSI* in 1980s and 1990s and that this proportion fell to below 1 percent in the 2000s (Office for National Statistics, 2009).

Table 7. Calibration of condition *hi_targ*

Case	*Prevalence of means test (% of over 65s)*	*Prevalence of affluence test (% of over 65s)*	*Total Prevalence of targeting*	*Fuzzy-set score (robustness check)*	*Crisp-set score*
AUS80	84	0	84	0.98	1
AUS90	73	0	73	0.97	1
AUS20	73	0	73	0.97	1
CAN80	49	0	49	0.88	1
CAN90	39	5	44	0.85	1
CAN20	35	5	40	0.82	1
DEN80	56	n/a	56	0.92	1
DEN90	73	n/a	73	0.97	1
DEN20	80	n/a	80	0.98	1
IRE80	30	n/a	30	0.71	1
IRE90	26	n/a	26	0.66	1
IRE20	20	n/a	20	0.57	1
NET80	n/a	n/a	0	0.01	0
NET90	n/a	n/a	0	0.01	0
NET20	n/a	n/a	0	0.01	0
NZ80	n/a	n/a	0	0.01	0
NZ90	n/a	23	23	0.62	1
NZ20	n/a	n/a	0	0.01	0
SWI80	11	n/a	11	0.21	0
SWI90	12	n/a	12	0.27	0
SWI20	13	n/a	13	0.34	0
UK80*	18	n/a	18	0.54	1
UK90	18	n/a	18	0.54	1
UK20	25	n/a	25	0.65	1
US80	1	n/a	1	0.01	0
US90	1	n/a	1	0.01	0
US20	0	n/a	1	0.01	0

*Assumed value due to missing data

THE ABSENCE OF A SIGNIFICANT EARNINGS-RELATED STATE PENSION (LO_EREL)

The first of two conditions that I include in the model inductively is the absence of a significant earnings-related state pension. To capture the existence and significance of the state earnings-related alternative I use OECD data on 'the % contribution of public earnings-related pensions to average pension wealth' to identify those market-heavy pension systems with negligible earnings-related state pensions, and assign to these countries full membership of the set *'cases with no significant earnings-related state pension'*. On this basis Australia, Denmark, Ireland, the Netherlands and New Zealand score full set membership.

For those countries with non-negligible earnings-related state pensions, namely Canada, Switzerland, the UK and the US, I record for each decade the statutory replacement rate that accrues at average earnings from the earnings-related pension (Organisation for Economic Co-operation and Development, 2011, Office for National Statistics, 2011). The replacement rate data ranges from 10% in the UK in the 2000s to 32% in the US, and is presented in Table 9, the summary table at the end of this section. I use this data to construct a four-value fuzzy set as shown in Table 8 below.

Table 8. Coding scheme for *lo_erel*

Replacement rate	*Fuzzy-set score*	*Membership of the set 'cases with no significant earnings-related state pension'*
$x = 0$	1	Fully in
$0 < x > 20$	0.67	More in than out
$20 \leq x > 25$	0.33	More out than in
$x \geq 25$	0	Fully out

I assign full non-membership of the set 'cases with no significant earnings-related state pension' if the replacement rate is more than or equal to 25%, as this was the replacement rate offered by the archetypical State Earnings Related Pension (SERPS) of the UK in the 1980s. On this basis, Canada, the US, and the UK in the 1980s score zero. The Social Security Act of 1986 reduced the SERPS accrual rate from 25 to 20%. To capture this reduction in the statutory replacement rate, I deem the UK in the 1990s to fall short of full non-membership, but to remain 'more out than in' the set of cases with no significant earnings-related pension. By this logic, I assign to it a fuzzy-set score of 0.33. Finally, I deem Switzerland and the UK in the 2000s to be 'more in than out' of the set of cases with no significant earnings-related pension and assign to them a fuzzy-set score of 0.67 on the grounds that they have an earnings-related pension, but the replacement rate that accrues at average earnings is below 20%.

LOW NATIONAL SAVINGS (LO_NATSAV)

The second condition included on an inductive basis is a low rate of national savings. I collect annual data from the World Bank on net national savings, as a % of Gross National Income (GNI) and average it over country-decades. In order to identify the point of maximum ambiguity for the set of 'cases that have low net national savings', I identify the most prominent gap in the net national savings data, which lies between and 5.99 and 7.91 % of GNI. I use this prominent gap to place the point of maximum ambiguity at 6.95 % of GNI. The idea that this gap is a suitable anchor for the point of maximum ambiguity about membership in the set 'cases that have low net national savings' is reinforced by data I have collected from the OECD on the current account balance - with only two exceptions, all those country-decades with a current account surplus have net national savings equal to or above 7.91% of GNI, and all those countries with a current account deficit have net national savings below 5.99% of GNI. I locate the anchors for full membership and full non-membership of the set according to the next most prominent gaps in the net national savings data. The threshold for full non-membership is at the point where net national savings as a percentage of GNI = 14.43993 and the threshold for full membership is at 2.267804 % of GNI.

NON-LEFT PARTY CONTROL OF GOVERNMENT (NON_LEFT)

To capture the expectation that in a time of austerity it may be difficult for left-of-centre governments to pass costly universalising reform, I include an indicator of partisanship using data from the Comparative Political Data Set (CPDS) on percentage of total cabinet posts held by non-left parties (Armingeon et al., 2011). According the CPDS, left parties are those classed as 'Social Democratic' or 'left of Social Democratic', and non-left parties consist of Liberal and Conservative parties, as well as centre right parties that favour a 'moderate social amelioration in a location to the left of Conservative or Conservative neo-liberal parties', in particular Christian Democratic or Catholic parties (CPDS codebook: 25).

Because my cases represent country-decades, a single case may contain more than one government and therefore a change in the partisanship indicator. I deal with this as follows: where there has been a reform, I use the % of total cabinet posts held by non-left parties in the year when the reform was passed (if in a particular decade there was more than one universalising reform, I take the average over any years when universalising reforms were passed). In decades where there was no universalising reform, I take the approach of averaging the % of total cabinet posts held by non-left parties over the decade. Following the logic behind the CPDS indicator, I calibrate membership in the fuzzy set 'non-left parties are dominant' by setting 66.6% as the anchor for full set membership, 33.3% as the anchor for full non membership, and 49.95% (the midpoint between 33.3 and 66.6) as the point of maximum ambiguity regarding set membership.

GENERAL TAXATION FINANCE (BROAD_FIN)

I include an indicator of the financing arrangements of the state pension, intended to capture the idea that where a contributory pension system leaves many people uncovered and reliant on means-tested benefits, those who pay for both their own pension through social insurance contributions as well as the means tested benefits of others through general taxation have an interest in reforms to broaden the coverage of the contributory system, because in so doing they may broaden the tax base and spread their burden. This logic is captured using a simple binary indicator of whether or not the state pension is financed by general taxation.

Table 9. Summary table of underlying data

Case	Proportion of elderly receiving means-tested benefits or affected by an affluence test	Replacement rate accruing from the earnings-related state pension, at average earnings	Net national savings as a percentage of Gross National Income	Percentage of total cabinet seats held by non-left parties
AUS80	84	0	6	0
AUS90	73	0	4	38
AUS20	73	0	6	97
CAN80	49	25	9	100
CAN90	44	25	5	100
CAN20	40	25	9	100
DEN80	56	0	5	100
DEN90	73	0	6	25
DEN20	80	0	8	85
IRE80	30	0	10	100
IRE90	26	0	16	81
IRE20	20	0	14	100
NET80	0	0	10	96
NET90	0	0	11	79
NET20	0	0	11	79
NZ80	0	0	4	46
NZ90	23	0	2	100
NZ20	0	0	4	11
SWI80	11	16	15	71
SWI90	12	16	13	71
SWI20	13	16	13	71
UK80	18	25	4	100
UK90	18	20	3	73
UK20	25	10	4	0
US80	1	32	6	100

US90	1	32	5	100
US20	1	32	2	100

Table 10. Summary table of all crisp and fuzzy set scores

Case	*reform*	*hi_targ*	*lo_erel*	*lo_natsav*	*non_left*	*broad_fin*
AUS80	0	1	1	0.67	0	1
AUS90	0	1	1	0.89	0.1	1
AUS20	1	1	1	0.66	1	1
CAN80	0	1	0	0.33	1	1
CAN90	0	1	0	0.82	1	1
CAN20	0	1	0	0.27	1	1
DEN80	1	1	1	0.82	1	1
DEN90	0.33	1	1	0.65	0.01	1
DEN20	0	1	1	0.4	1	1
IRE80	1	1	1	0.24	1	0
IRE90	0.67	1	1	0.02	1	0
IRE20	0.67	1	1	0.05	1	0
NET80	0	0	1	0.22	1	0
NET90	0	0	1	0.18	0.99	0
NET20	0	0	1	0.15	0.99	0
NZ80	0	0	1	0.86	0.33	1
NZ90	1	1	1	0.96	1	1
NZ20	0	0	1	0.9	0	1
SWI80	0	0	0.67	0.04	0.98	0
SWI90	0	0	0.67	0.09	0.98	0
SWI20	0	0	0.67	0.08	0.98	0
UK80	0	1	0	0.89	1	0
UK90	0	1	0.33	0.91	0.98	0
UK20	1	1	0.67	0.9	0	0

US80	0	0	0	0.7	1	0
US90	0	0	0	0.75	1	0
US20	0	0	0	0.95	1	0

4.4 RESULTS AND DISCUSSION

I conduct my analysis using the specialist software *fsQCA2.5.* In this section I present and discuss my results. I begin with an analysis of necessary conditions, before presenting and discussing the sufficient conditions for both the reform and non-reform outcomes.

ANALYSIS OF NECESSARY CONDITIONS

Table 11 shows the results of the analysis of necessary conditions for the presence of universalising reform. The parameter of consistency measures the degree to which the empirical information is in line with the statement of necessity. The closer the consistency score is to unity, the more perfect the subset relationship and the stronger the evidence supporting the statement of necessity. The consistency scores of 1.000000 for *hi_targ,* and 0.95055 for *lo_erel* are above the score of 0.9 usually recommended (Schneider and Wagemann, 2012: 143). Referring back to the cases, these high scores reflect the fact that high levels of targeting and a low earnings-related pension were present in all cases of significant universalising reform.

However, the coverage scores indicate that these necessary conditions do not hold much causal relevance. In analysis of necessary conditions, high coverage values indicate that the condition is relevant and low values that the condition is trivial, either in the sense that it is observed in many cases where the outcome does not occur, or in the sense that the outcome and the condition display little empirical variation and are close to being constants (Schneider and Wagemann, 2012: 146). Conditions that pass the consistency test as a necessary condition should not be reported as relevant necessary conditions unless they also score highly on coverage. The coverage scores for *lo_erel* (0.352027) and for *hi_targ* (0.416875) are not high. Indeed, in research practice values for coverage necessity below 0.5 are relatively rare (Schneider and Wagemann, 2012: 146). For this reason, I do not interpret any of the conditions as being necessary for the introduction of universalising reform to the state pension.

Table 11. Analysis of necessary conditions for the outcome 'universalising reform'

Condition tested	*Consistency*	*Coverage*
hi_targ	0.100000	0.416875
lo_erel	0.95055	0.352027
lo_natsav	0.596702	0.276389
non_left	0.802099	0.250703
broad_fin	0.499250	0.277500

ANALYSIS OF SUFFICIENT CONDITIONS FOR THE REFORM CASE

The results of the analysis of sufficient conditions are summarised in Table 12 below. As is standard QCA practice, the 'intermediate' solution forms the centre of my discussion. The intermediate solution makes theoretically guided (or 'directional') assumptions about whether logically possible combinations of conditions for which there is no corresponding empirical case (so-called 'logical remainders') would contribute to the outcome if they did exist. It then uses these assumptions to inform the logical minimization process, generating solution terms that are usually simpler than the 'conservative' solution which relies solely on the empirical information available and makes no assumptions about logical remainders, and more meaningful than the 'parsimonious' solution which assumes that all logical remainders would contribute to the outcome and includes them in the logical minimization process accordingly.

The directional assumptions used in the analysis directly follow from the discussion of conditions so far. I assume that the prevalence of targeting, the absence of a significant earnings-related pension, the presence of a non-left government, and the presence of a low rate of national saving would all contribute to bringing about reform. Since the financing arrangements of a pension system are relevant under the first logic of reform but are not expected to be relevant under the second logic of reform, no directional assumption is made for the condition 'broad_fin'. The parsimonious and conservative solutions are included in Appendix C, and referred to when necessary.

The Boolean algebraic solution term at the top of Table 12 reveals three combinations of conditions that are sufficient to explain the introduction of significant universalising reforms in market-heavy pension systems. Together, these three combinations of conditions cover every significant universalising reform in market heavy pension systems in the past three decades, and they each do so with a high degree of consistency, meaning that there is very little empirical evidence to contradict the statement of sufficiency set out in the solution formula. The statement of sufficiency is not logically contradicted by any cases.

Table 12.Analysis of sufficient conditions for the outcome 'significant universalising reform', intermediate solution

Solution	***hi_targ* lo_erel* lo_natsav* non_left***	***+***	***hi_targ* lo_erel* ~broad_fin* non_left***	***+***	***hi_targ* lo_erel* lo_natsav* ~broad_fin***	→	***reform***
Single country coverage	**DEN80, NZ90, AUS00**		**IRE80, IRE90,IRE00**		**UK00**		
Consistency	0.768802		0.702703		0.748092		
Raw Coverage	0.413793		0.350825		0.146927		
Unique Coverage	0.367316		0.304348		0.100450		
	Solution consistency: 0.785612; Solution coverage: 0.818591						

Model: reform = f(hi_targ, lo_erel, lo_natsav, broad_fin, non_left). Intermediate solution.
Frequency cutoff: 1.000000 Consistency cutoff: 0.755396.
Cases in bold are uniquely covered by the relevant solution term.
Assumptions: non_left (present); lo_natsav (present); lo_erel (present); hi_targ (present)

The first combination of conditions sufficient to bring about significant universalising reform in market-heavy systems consists of a non-left government, a low rate of national saving, the absence of a significant earnings-related pension, a reliance on targeting and general taxation financing. This combination of conditions uniquely covers the Danish reform of 1987 which loosened the income test for the pension supplement, the abolition of the affluence test in New Zealand in 1997, and the Australian reforms of 2000 and 2007 which loosened the means tests for the Age pension. No cases logically contradict the statement of sufficiency, and the consistency score is fairly high at 0.768802.

I interpret this combination of conditions to be a manifestation of the 'private savings' logic of reform, in which a mismatch between the prevalence of means targeting and the prevalence of private savings means that large parts of the electorate are likely to have an interest in universalising reform. In line with the expectation that in a time of austerity it will be difficult for left-of-centre governments to respond to this logic, the reforms in Denmark, New Zealand and Australia all occurred under non-left governments.

Yet the solution term suggests that the prevalence of targeting and the presence of a non-left government are not alone sufficient to explain universalising reform in the market-heavy pension systems of Denmark, New Zealand and Australia but require the additional presence of a low rate of national saving, as well as the absence of a significant earnings-related pension. The country cases in chapter six offer an explanation as to why this may be the case. They show how the absence of a significant earnings-related state pension can mobilise representatives of the pension industry to put the removal of disincentives to private saving on the political agenda, and how low rates of national saving can be used by governments to legitimize a shift in focus from fiscal restraint to the encouragement of private savings.

The second combination of conditions consists of a non-left government, the absence of a significant earnings-related pension, a reliance on targeting, and contribution rather than general taxation finance. It uniquely covers the Irish reforms that occurred in the 1980s, the 1990s, and the 2000s. Again, no cases logically contradict the statement of sufficiency, and the consistency score is passable at 0.702703. This 'Irish path' to universalising reform reflects the fact that, compared to the experiences of other advanced post-industrial countries, Irish pension politics since the 1980s stand out as exceptional in a number of ways.

First, Irish pension politics are shaped by the country's exceptionally strong centre-right bias. Around eighty per cent of votes typically go to centre-right parties, and the Irish left is historically extremely weak. Second, Irish pension policy since the 1980s has not been the focus of party competition, has not featured centrally in elections, and has received strikingly little press coverage. In this sense Irish pension politics are depoliticised, with pension policy influenced to a greater extent than it is in other countries by the negotiations of expert commissions made up largely of representatives of the ministry, and pension funds, employers and unions. Third, Ireland is unique among market-heavy pension systems in that large social groups were excluded from the contributory pension system until the early 1990s (Schulze and Moran, 2006a).

By taking a step back from the QCA and looking at the Irish case as a whole, the effects of these distinctive features can be understood. The Irish universalising reforms seem to reflect both the ‘cost sharing’ logic of reform, and a depoliticised version of the ‘private savings’ logic. The ‘cost sharing’ logic was at work in the 1980s and early 1990s. By this time, the restricted coverage of the contributory pension had created a reliance on means-testing that in turn generated an interest in universalising reforms among those who paid for both their own pension through social insurance contributions as well as the means-tested benefits of others through general taxation. This interest was manifested politically in the union-driven extension of contributory pension coverage first to the self-employed and certain public sector workers in 1988, and then to part-time workers in 1991 (National Pensions Board, 1988, Irish Commission on Social Welfare, 1986, National Pensions Board, 1993). These reforms assimilated the largest excluded groups into the contributory system. However, there was inevitably a lag between the reforms and the actual decline of means testing. At this stage the disincentive effect of means-testing on private savings for retirement resulted in a depoliticised loosening of the means test in 2006[4] (National Pensions Board, 1993, Cliath, 2007).

The third combination of conditions consists of the absence of a significant earnings-related pension, a reliance on targeting, contribution rather than general taxation finance and a low rate of national saving. It uniquely covers the universalising reforms introduced by the UK in the 2000s, with a consistency score

[4] The introduction of the Homemaker’s Scheme in 1994 remains unexplained.

of 0.748092. Although the UK thus seemingly emerges from the analysis as an exceptional case of universalising reform which occurred in the absence of a non-left government, the country cases presented in chapter six show that the causal logic behind the UK reforms was in fact no different to that which drove the universalising reforms in Australia, Denmark and New Zealand.

Explaining the absence of reform

Unlike statistical inference, which works on the assumption that the occurrence and non-occurrence of phenomena are both explained by the same equation, Qualitative Comparative Analysis does not assume that if we are able to explain positive or high values of a dependent variable, we are also able to explain negative or low values of that dependent variable. In QCA, causal relationships are not assumed to be symmetric. It is possible that the occurrence and non-occurrence of a phenomenon constitute two qualitatively different events that warrant separate explanations, guided by different theories and hypotheses. This means that *in QCA, unlike in inferential statistics, a separate analysis is needed to explain negative or low values of the outcome of interest* (Schneider and Wagemann, 2012: 81, 113).

I therefore conduct a separate fsQCA for the non-reform outcome. Since the QCA results presented above suggest that the mismatch between the prevalence of targeting and the prevalence of private saving has driven the majority of universalising reforms that have occurred in market-heavy pension systems, I conduct the QCA of the non-reform case using the conditions that are sufficient for reforms according to this logic. That is, I include all the conditions in the previous model minus the presence of general taxation financing which is relevant to explain reforms only in the rare case where restricted coverage of the contributory state pension clashes with the prevalence of targeting. The analysis shows a striking causal symmetry, and suggests that the prevalence of targeting, the existence of a significant earnings-related state pension, the level of national savings, and the partisan composition of government explain not only the introduction of universalising reforms but also their absence.

The results of the QCA of the non-reform case are presented in Table 13 below. Once again, I present the intermediate solution, which has been produced using the same theoretically derived assumptions that were used in the analysis of reform. The solution term has a coverage score of 0.843581 and a consistency score of 0.928533. In concrete terms this means that all cases of non-reform are covered except for that of Denmark in the 2000s, and that there is little evidence to contradict the statement of sufficiency contained in the solution formula. The solution formula at the top of the table reveals that the presence of a significant earnings-related pension, the presence of a left party in government, and the non-prevalence of targeting in combination with a rate of national savings that is not low are each sufficient to explain the absence of reform. These three 'paths' are sufficient to explain the absence of reform, and complement the previous analysis.

Table 13. Analysis of sufficient conditions for the outcome 'no significant universalising reform', intermediate solution

Solution	***~lo_erel***	***+***	***~ non_left***	***+***	***~hi_targ* ~lo_natsav***	***→~reform***
Single country coverage	**US80 US90 US00 UK80 UK90 CAN80 CAN90 CAN00**		**AUS80 AUS90 NZ80 NZ00 DEN90 UK00**		**NET80 NET90 NET00 SWI80 SWI90 SWI20**	
Consistency	0.963293		0.766784		1.000000	
Raw Coverage	0.425971		0.213478		0.299065	
Unique Coverage	0.346778		0.196754		0.208067	
	Solution consistency: 0.928533; Solution coverage: 0.843581					

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Intermediate solution.
Frequency cutoff: 1.000000, Consistency cutoff: 0.768965.
Cases in bold are uniquely covered by the relevant solution term.
Assumptions: ~non_left (absent); ~lo_natsav (absent); ~lo_erel (absent)

The first path, with a consistency score of 0.963293, strongly suggests that the presence of a significant earnings-related pension is sufficient to explain the absence of universalising reforms in Canada and the US since the 1980s, as well as the absence of universalising reforms in the UK in the 1980s and 1990s. The case narrative of the UK in chapter 6 shows why this may be the case, by tracing the effect that the decline in the state earnings-related pension scheme had on the policy preferences of the pension industry and the Conservative party.

The second path suggests that the presence of a left party in government rather than a non-left party is sufficient to explain why there were no universalising reforms in Australia in the 1980s and 1990s, in New Zealand in the 1980s and 2000s, and in Denmark in the 1990s. The country case of Australian reforms before and after the change of government offers a causal narrative to explain this path, based on the 'Nixon goes to China' logic outlined in chapter three. The consistency score of 0.766784 is relatively high, but hides the existence of a logically inconsistent case – that of the UK in the 2000s, where reforms occurred despite the presence of a left government. The case narrative of the UK in chapter six explains why the UK reforms of the 2000s seemingly contradict the statement of sufficiency, by highlighting the causal role of the non-left (Conservative) opposition in bringing about the reforms.

The third path revealed by the solution formula is rather more difficult to interpret. On the face of it, it suggests that a combination of 'the non-prevalence of targeting' and 'a rate of national savings that is not low' is sufficient to explain the absence of universalising reform in Switzerland and the Netherlands over the past three decades. However, in interpreting this solution term it is important to note that 'the non-prevalence of targeting' in both Switzerland and the Netherlands is the flip-side of basic state pensions that already approximate the universal ideal. So while the absence of universalising reform could technically be attributed to the fact that there is no widespread targeting to clash with the prevalence of private pensions, the solution term should more simply be interpreted to mean that there was no universalising reform in these cases because their basic state pensions were largely universal to start with.

Conclusion

Aside from the Irish state pension reforms, which were largely driven by a mismatch between targeting on the one hand and a contributory system from which large social groups were excluded on the other, the analysis in this chapter suggests that recent trends towards more universal state pensions can be explained by a single logic. This logic has at its root a mismatch between private pensions and targeting which leads to reform to make the state pension more universal when combined with the absence of a significant earnings-related pension, a low rate of national savings, and a the presence of a non-left government. Despite the fact that QCA does not assume causal symmetry, this logic seems to offer a convincing explanation of why universalising reform of the state pension did not occur in most of those cases where it was absent.

Table 14. 'Five-year' analysis of sufficient conditions for the outcome 'no significant universalising reform', intermediate solution

Solution	***non_left* ~lo_erel***	**+**	***~ non_left* lo_erel***	**+**	***~hi_targ***	**→**	***~reform***
Single country coverage	**UK80, UK85, UK90, CAN80, CAN85, CAN90, CAN95, CAN00, CAN05,** US80, US85, US90, US95, US00, US05		**AUS85, AUS90, NZ85,** NZ00, NZ05, **DEN80, DEN95, UK20, UK25**		**NET85, NET90, NET95, NET00, NET05, SWI80, SWI85, SWI90, SWI95, SWI00, SWI05, NZ80,** NZ00, NZ05, US80, US85, US90, US95, US00, US05		
Consistency	1.000000		0.817783		1.000000		
Raw Coverage	0.375469		0.164350		0.463269		
Unique Coverage	0.192146		0.098390		0.231193		
	Solution consistency: 0.954093; Solution coverage: 0.761085						

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Intermediate solution. Country-five-years as cases.
Frequency cutoff: 1.000000. Consistency cutoff: 0.760714. Cases in bold are uniquely covered by the relevant solution term.
Assumptions:
~non_left (absent) ~lo_natsav (absent) ~lo_erel (absent) ~hi_targ (absent)

CHAPTER FIVE

MAPPING THE CONDITIONS ASSOCIATED WITH UNIVERSALISING CHANGE IN PRIVATE PENSIONS

In this chapter I map the conditions under which private pensions in market-heavy pension systems have been made more universal since the 1980s. Once again, I conduct an *fsQCA* using country-decade cases, and present in turn an analysis of universalising change and an analysis of the absence of such change. Before this, I discuss the measurement and calibration of the conditions and outcome.

5.1 MEASUREMENT AND CALIBRATION OF THE REFORM OUTCOME

The outcome of interest in this chapter is universalising change within the private tier, understood as the extension of occupational pension coverage either through collective self-regulation or through top-down government regulation. Although top-down government regulation to increase the coverage of occupational pensions may take many forms, including mandating that employers simply provide access to an occupational pension, or that they enrol employees into an occupational pension scheme by default, as explained in chapter two I count as universalising only those reforms which also mandate that employers *make contributions* to the occupational pension scheme that their employees are compulsorily or by default enrolled in.

For each country-decade, I calibrate membership in the fuzzy-set *'cases where private pensions have become significantly more universal' or* '*univ*' for short. To do this I draw again on my own database of reforms, as well as on a range of government reports and secondary sources, and construct a four value fuzzy-set, the coding scheme for which is summarized in Table 15 below. In the absence of any regulation to extend private pension coverage, or where such regulation concerns only access and does not mandate an employer contribution, I allocate a fuzzy-set score of 0, and deem the case to be 'fully out' of the set of cases where private pensions have become significantly more universal. Cases where employer contributions have been extended to all or almost all of the workforce are counted as 'fully in' the set of cases where private pensions have become significantly more universal, and allocated a fuzzy-set score of 1, whether this extension results from collective agreements or from government regulation. Where access to an employer contribution falls significantly short of covering all of the workforce, whether due to compliance problems or because the extension of employer contributions is targeted to selected groups such as part-time workers or those on low incomes, I consider cases to be 'more in than out' of the set of cases where private pensions have become significantly more universal, and assign to them a fuzzy-set score of 0.67. Finally, where mandatory employer contributions have been extended only to a very small group of people, as in Switzerland in the 1990s, I assign a fuzzy-set membership score of 0.33, reflecting membership which is 'more out than in' the set of cases where private pensions have become significantly more universal. The calibration of the outcome '*univ*' is explained in detail for each country-decade in Box 3 below.

Box 3: Calibration of the outcome 'univ'

Australia-1980 (AUS80), Australia-1990 (AUS90)* and *Australia-2000 (AUS00)

In the 1986 *Accord Mark II* between the Australian Labor Party and the Australian Council of Trade Unions it was agreed that 3% of wages would be paid by employers in the form of superannuation contributions to covered workers. In the Australian context this meant most workers, as non-union members were also covered by union-negotiated collective agreements. However, in light of the compliance problems that restricted the access of a significant number of employees to this employer contribution, I consider *the country-decade AUS80 to fall slightly short of full membership, and class it as 'more in that out' of the set of cases where private pensions have become significantly more universal*.

1992 saw the introduction of the Superannuation Guarantee. This made the employer contribution mandatory, and introduced a Superannuation Guarantee Charge for those employers who failed to comply. The mandatory contribution rate was to increase from three to six per cent of qualifying earnings on 1 July 1996, to eight per cent on 1 July 2000, and to nine per cent on 1 July 2002. Employees are not obliged to contribute to the Superannuation Guarantee scheme, but from 2003 low to middle income workers have been encouraged to do so by means of (capped) government co-contributions. The mandatory employer contribution covered all employees with the following technical exceptions: those earning less than AUD 450 per month (AUD 5,400 per year) before tax (around £230 per month or £2,710 per year) those under age 18 and working no more than 30 hours per week, those over age 70, those paid to do work of a domestic or private nature for 30 hours or less a week; non-residents paid for work done outside Australia; certain types of foreign executive; and those temporarily working in Australia for an overseas employer and covered by a bilateral superannuation agreement (ISSA/IOPS/OECD, 2008). *The country-decade of AUS90 therefore lies 'fully in' of the set 'cases where private pensions have become significantly more universal'.*

After the Superannuation Guarantee, there were no further moves to make private pensions more universal through regulation, collective or otherwise, in Australia. *The country-decade of AUS00 therefore lies 'fully out' of the set 'cases where private pensions have become significantly more universal'.*

Canada-1980 (CAN80), Canada-1990 (CAN90)* and *Canada-2000 (CAN00)

The private pension system in Canada remains voluntary, as there were no moves to make private pensions more universal through regulation, collective or otherwise, over the past three decades. *The country-decades of CAN80 CAN90 and CAN00 therefore lie 'fully out' of the set 'cases where private pensions have become significantly more universal'.*

Denmark-1980 (DEN80), Denmark-1990 (DEN90)* and *Denmark-2000 (DEN00)

In Denmark, the 1991 collective bargaining round resulted in most trade unions introducing occupational pensions. In subsequent bargaining rounds occupational pensions became part of all collective agreements, and contributions gradually increased to around 9 per cent of qualifying wages. There was no legislation to secure occupational pension coverage for those wage earners who are not covered by a collective agreement, but the prevalence of collective agreements meant that most workers were covered. *The country-decade of DEN90 therefore lies 'fully in' the set 'cases where private pensions have become significantly more universal'.*

Since the collective self-regulation initiated in 1991 was the first move to make private pensions more universal, and no further moves have been made since, *the country-decades of DEN80 and DEN00 therefore lie 'fully out' of the set 'cases where private pensions have become significantly more universal'*.

Ireland-1980 (IRE80), Ireland-1990 (IRE90)* and *Ireland-2000 (IRE00)

The private pension system in Ireland remains voluntary, as there were no moves to make private pensions more universal through regulation, collective or otherwise, over the past three decades. *The country-decades of IRE80 IRE90 and IRE00 therefore lie 'fully out' of the set 'cases where private pensions have become significantly more universal'.*

Netherlands-1980 (NET80), Netherlands-1990 (NET90)* and *Netherlands-2000 (NET00)

In the Netherlands, state regulation of the labour market introduced in the 1950s required that all benefits negotiated at the bargaining table be extended to non-union workers. This led very early on to supplementary private pensions that were quasi-universal, covering over ninety per cent of the working population, despite low union membership (Myles and Pierson, 2001:315).

No further moves were made to make private pensions more universal until 1994 when it was made illegal to exclude part-time workers from occupational pension schemes. On account of this targeted extension of private pension coverage, *the country-decade NET90 is considered to lie 'more in that out' of the set of cases where private pensions have become significantly more universal.*

The absence of change until 1994 means that *the country-decade of NET80 lies 'fully out' of the set 'cases where regulation has significantly extended private pension coverage'* and after the 1994 reform there were no further moves to make private pensions more universal through regulation, collective or otherwise. *The country-*

decade of NET00 therefore lies 'fully out' of the set 'cases where regulation has significantly extended private pension coverage'.

New Zealand-1980 (NZ80), New Zealand-1990 (NZ90)* and *New Zealand-2000 (NZ00)

From 1 July 2007, employers have been legally required to automatically enrol all new permanent employees aged between 18 and 65 into a 'KiwiSaver' pension scheme. When KiwiSaver was first introduced in 2007, employer contributions were not mandatory, and employees could select a monthly contribution rate of four per cent or eight per cent of their gross earnings. But From 1 April 2008, all employers were required to contribute to an employee's KiwiSaver account, starting with one per cent of an employee's gross earnings in 2008 and increasing one per cent each year until the mandatory employer contribution reached four per cent of gross earnings by 1 April 2011. On account of the introduction of mandatory employer contributions to Kiwisaver schemes in 2008, *the country-decade of NZ90 lies 'fully in' the set 'cases where private pensions have become significantly more universal'.*

Finally, the voluntary nature of private pension provision until 2008 means *the country-decades of NZ80 and NZ90 lie 'fully out' of the set 'cases where regulation has significantly extended private pension coverage'.*

Switzerland-1980 (SWI80), Switzerland-1990 (SWI90)* and *Switzerland-2000 (SWI00)

In *1982* the *Bundesgesetz uber die Berufliche Vorsorge* introduced mandatory employer and employee contributions to occupational pensions. Although the access threshold for compulsory contributions excluded many part-time workers, mostly women with children, this regulation extended access to occupational pension coverage and to an employer contribution in particular dramatically across the workforce, and on this basis *the country-decade SWI80 lies 'fully in' of the set 'cases where private pensions have become significantly more universal'.*

In 1997 the *Verordnung uber die obligatorische berufliche Vorsorge von arbeitslosen personen* made it mandatory for unemployment insurance funds to deduct a contribution from unemployment benefits and make an 'employer's contribution', thereby extending occupational pension provision to the unemployed. Since this was a minor reform targeting the extension of private pension coverage to a rather small group of people, *the country-decade SWI90 is considered to lie 'more out than in' the set of cases where private pensions have become significantly more universal.*

In 2003 the *1st BVG/LPP Revision* introduced improved occupational pension coverage for low-income earners and part-time employees. On account of this targeted extension of private pension coverage, *the country-decade SWI00 is considered to lie 'more in than out' of the set of cases where private pensions have become significantly more universal.*

United Kingdom-1980 (UK80), United Kingdom-1990 (UK90)* and *United Kingdom-2000 (UK00)

In the UK private pensions remained voluntary throughout the 1980s and 1990s, which means *the country-decades of UK80 and UK90 lie 'fully out' of the set 'cases where private pensions have become significantly more universal'.*

The 2008 Pensions Act introduced mandatory employer contributions of at least three per cent of 'qualifying earnings' (a band between £5,035 and £33,540 in 2006) into a qualifying workplace pension scheme. This covered all employees aged between 22 and State Pension age, earning over £5,035 per annum (in 2006/07 terms) and not already members of a qualifying scheme. Enrolment is automatic, and employees can opt out of pension saving if they wish. On account of this introduction of mandatory employer contributions into workplace pension schemes, *the country decade of UK00 lies 'fully in' the set of cases where private pensions have become significantly more universal.*

United States-1980 (US80), United States-1990 (US90)* and *United States-2000 (US00)

The private pension system in The US remains voluntary, as there were no moves to make private pensions more universal through regulation, collective or otherwise, over the past three decades. *The country-decades of US80 US90 and US00 therefore lie* *'fully out' of the set 'cases where private pensions have become significantly more universal'.*

Table 15. Coding scheme for *'univ'*

Employer contributions extended to	*Fuzzy-set score*	*Membership of the set 'cases where private pensions have become significantly more universal'*
All or most of the workforce	1	Fully in
Selected groups	0.67	More in than out
Minor selected groups	0.33	More out than in
No new groups	0	Fully out

5.2 MEASUREMENT AND CALIBRATION OF CAUSAL CONDITIONS

The conditions included in this analysis are guided solely by the theoretical propositions developed in chapter three, and no further conditions have been added on an inductive basis. They reflect the expectation that unions will push for mandatory employer contributions where there is no state earnings-related alternative, and that in the absence of institutional capacity for collective self-regulation, union demands for mandatory employer contributions to occupational pensions will produce results either when a strong left government is in power, or when a non-left government is in power as part of a 'modernising compromise' in which cost-cutting reforms are passed in a fragmented political setting.

The *first conditions to be included are therefore the absence of a significant earnings-related pension and left-party control of government,* measured and calibrated as documented in the previous chapter. To capture the existence of institutional capacity for collective self-regulation I include the *condition of high union density*, and, following Häusermann, I capture the extension of coverage through modernising compromises through the inclusion of conditions of fragmented political power and the presence of cost cutting reforms. The following subsections briefly describe the measurement and calibration of these remaining three causal conditions in turn. Tables 16 and 17 summarize the underlying data for each condition, and the crisp and fuzzy set scores that result from the calibration of this data.

High union density (HI_UD)

To capture the existence of institutional capacity for collective self-regulation I use a measure of union density from the *Comparative Political Data Set*. To calibrate membership in the fuzzy-set 'high union density' I use prominent gaps in this data to set the threshold for the point of maximum ambiguity at 41.25314, the threshold for full non-membership at 27.07272, and the threshold for full membership at 65.94003.

Cost-cutting pension reforms (CUTS)

For this condition I refer to my database of reforms described in chapter two. For each country-decade, I record full membership in the crisp set 'cost cutting pension reforms' where there has been one or more such reform.

Fragmentation of political power (HI_FRAG)

To measure the fragmentation or concentration of political power, I create a composite indicator. For the fragmentation of business and labour interests I use the Hicks-Kenworthy indicator of corporatism (Kenworthy, 2003), and I proxy party fragmentation per country-decade using an indicator of the 'effective number of parties' (effpar_leg) from the *Comparative Political Data Set*. To create my composite measure of political fragmentation, I standardise these indicators and take the average. The resulting indicator ranges from 0.3378317 to 2.1629317, as shown in Table 6 in the Appendix.

I use this composite indicator to calibrate membership of the fuzzy-set 'high political fragmentation'. On ordering the data there is a very prominent gap between New Zealand in the 1920s and the Netherlands in the 1980s, and I use this to anchor the point of maximum ambiguity for set membership at 1.194. On this basis, the Netherlands, Switzerland and Denmark in all decades are more in than out of the set ‘high political fragmentation’. Using two further gaps in the data, the anchors for full non-membership and full membership are set at 0.587 and 1.975 respectively.

Table 16. Summary table of underlying data

Case	Replacement rate accruing from the earnings-related state pension, at average earnings	Percentage of total cabinet seats held by left parties	Union Density	Composite indicator of political fragmentation
AUS80	0	100	45	0.674637
AUS90	0	100	33	0.669824
AUS20	0	20	21	0.674086
CAN80	25	0	35	0.401059
CAN90	25	0	34	0.466894
CAN20	25	0	30	0.522023
DEN80	0	26	78	2.162932
DEN90	0	51	76	2.031595
DEN20	0	14	72	2.103760
IRE80	0	11	60	0.528301
IRE90	0	19	52	0.619149
IRE20	0	3	38	0.612483
NET80	0	3	29	1.677232
NET90	0	44	25	1.919338
NET20	0	20	21	1.882844
NZ80	0	54	59	0.562025
NZ90	0	8	31	0.659246
NZ20	0	100	21	0.710255
SWI80	16	28	25	1.818799
SWI90	16	28	23	1.895931
SWI20	16	28	19	1.800307

UK80	25	0	46	0.506270
UK90	20	26	35	0.517256
UK20	10	100	29	0.556262
US80	32	0	18	0.337832
US90	32	0	14	0.343406
US20	32	0	12	0.346254

Table 17. Summary table of crisp and fuzzy set scores

Case	*Univ*	*lo_erel*	*hi_left*	*hi_ud*	*cuts*	*hi_frag*
AUS80	0.67	1	0.96	0.62	1	0.07
AUS90	1	1	1	0.16	1	0.07
AUS20	0	1	0.01	0.01	0	0.07
CAN80	0	0	0	0.21	1	0.02
CAN90	0	0	0	0.18	1	0.03
CAN20	0	0	0	0.09	0	0.03
DEN80	0	1	0.02	0.99	0	0.98
DEN90	1	1	0.56	0.99	1	0.96
DEN20	0	1	0	0.98	1	0.97
IRE80	0	1	0	0.91	0	0.04
IRE90	0	1	0	0.79	1	0.06
IRE20	0	1	0	0.32	0	0.05
NET80	0	1	0	0.07	0	0.86
NET90	0.67	1	0.29	0.03	1	0.94
NET20	0	1	0.01	0.01	0	0.93
NZ80	0	1	0.69	0.89	1	0.04
NZ90	0	1	0	0.10	1	0.07
NZ20	1	1	1	0.01	0	0.08
SWI80	1	0.67	0.02	0.03	1	0.92
SWI90	0.33	0.67	0.02	0.02	1	0.94
SWI20	0.67	0.67	0.02	0.01	1	0.91

UK80	0	0	0	0.65	1	0.03
UK90	0	0.33	0.01	0.20	1	0.03
UK20	1	0.67	1	0.07	1	0.04
US80	0	0	0	0.01	1	0.01
US90	0	0	0	0.00	1	0.01
US20	0	0	0	0.00	0	0.01

5.3 Results and Discussion

Once again, I conduct my analysis using the *fsQCA2.5* software. In this section I present and discuss my results, beginning with an analysis of necessary conditions before presenting and discussing the sufficient conditions for both the reform and non-reform outcomes.

Analysis of necessary conditions

Table 18 shows the results of the analysis of necessary conditions for the extension of private pension coverage. As explained in the previous chapter, the parameter of consistency measures the degree to which the empirical information is in line with the statement of necessity. The closer the consistency score is to unity, the more perfect the subset relationship and the stronger the evidence supporting the statement of necessity. The consistency scores for all conditions are significantly lower than the threshold of 0.9 usually recommended to support a statement of necessity (Schneider and Wagemann, 2012: 143). For this reason, I do not interpret any of the conditions as necessary for the extension of private pension coverage.

Table 18. Analysis of necessary conditions for the outcome 'extension of private pension coverage'

Condition tested	*Consistency*	*Coverage*
lo_erel	0.609868	0.665741
hi_left	0.071211	0.247788
hi_ud	0.345880	0.814371
cuts	0.593082	0.647778
hi_frag	0.286877	0.615049

Analysis of sufficient conditions for private pension universalism

As in the previous chapter, my discussion centres around the 'intermediate' solution, which is based on directional assumptions about logical remainders. Once again, the directional assumptions follow directly from the discussion of conditions above. I assume that the absence of a significant earnings-related pension contributes to bringing about universalising change, but I make no directional assumptions for the other four conditions since their contribution to the outcome is expected to vary with the presence or absence of other conditions. As in Chapter four, the 'parsimonious' and 'conservative' solutions are included in Appendix C.

The results of the analysis of sufficient conditions are summarised in Table 19. The analysis reveals three paths to the extension of private pension coverage in market-heavy pension systems. The first path uniquely covers the Australian Superannuation Guarantee Act of 1992, the KiwiSaver Act of 2007 of New Zealand, and the UK Pensions Act of 2008. No cases logically contradict the statement of sufficiency, and the consistency score of 0.951456 for this path thus provides strong support for the claim that the combination of a low earnings-related state pension, a left government, the absence of high union density and the absence of high political fragmentation is sufficient for the extension of private pension coverage in market-heavy systems. In light of the theoretical discussion in chapter three, I interpret this as evidence that in the absence of high union density, coherent demands for the extension of private pension coverage as the best alternative to an earnings related state pension can be met by a strong left government. I substantiate this interpretation in the next chapter with a narrative of the UK reform process.

Table 19. Analysis of sufficient conditions for the outcome 'extension of private pension coverage', intermediate solution

Solution	**lo_erel* hi_left* ~hi_ud* ~hi_frag +**	**lo_erel* cuts* hi_frag* ~hi_left* ~hi_ud +**	**lo_erel* cuts* hi_frag* hi_left* hi_ud**	**→univ**
Single country coverage	***AUS90, NZ00,UK00***	***SWI80, SWI90, SWI00, NET90***	***DEN90***	
Consistency	*0.951456*	*0.796610*	*0.942529*	
Raw Coverage	*0.400545*	*0.320163*	*0.111717*	
Unique Coverage	*0.358311*	*0.320452*	*0.074932*	
Solution consistency: 0.890796; Solution coverage: 0.777929				

Frequency cut-off: 1.000000; Consistency cut-off: 0.796610.
Assumptions: lo_erel (present)

The second path to private pension universalism uniquely covers the three Swiss reforms of 1982, 1997 and 2003, and the Dutch reform of 1994. Again, no cases logically contradict the statement of sufficiency, and the consistency score of 0.796610 thus provides strong empirical support for the claim that the combination of a low earnings-related pension, high political fragmentation, cost-cutting reforms, a non-left government and the absence of high union density is sufficient for the extension of private pension coverage. In light of the theoretical discussion in chapter three, I tentatively interpret this as support for the proposition that in the absence of high union density and a strong left government, demands for the extension of private pension coverage as the best alternative to an earnings-related state pension can be met as part of modernizing compromises in a fragmented political system.

The Danish extension of occupational pensions through collective agreements in 1991 is uniquely covered by a third path, where union density is high. In this case, although conditions did not rule out the top-down introduction of mandatory employer contributions by the left government, both the government and employers insisted that union demands for the extension of coverage must be met voluntarily through collective self-regulation, because it was feared that otherwise contributions would not be viewed by wage earners as part of normal wage increases and mage moderation would be compromised (Nielsen, 1996: 251).

The extension of private pension coverage through the Australian Accord of 1985 is the only case of private pension universalism to remain uncovered by the solution formula. In this case too, union density was high, and the extension of private pension coverage was therefore approached through collective self-regulation. The exclusion of this Australian case from the Danish path is due to the absence of political fragmentation, which meant that collective self-regulation proceeded via an Accord between Unions and the Labor party rather than via decentralized collective bargaining, a nuance which does not alter the substantive argument of this thesis.

EXPLAINING THE ABSENCE OF PRIVATE PENSION UNIVERSALISM

Table 20 presents the results of the analysis of sufficient conditions for the outcome 'no extension of private pension coverage'. The first path, which uniquely covers Canada, the UK and the US in the 1980s and 1990s, Ireland in the 1990s, and New Zealand in the 1990s, has a consistency score of 0.991071. It strongly suggests that the lack of any universalising extension of private pension coverage in these cases is due to the combined absence of both a strong left government and the political fragmentation required to facilitate modernizing compromises.

Although Australia in the 2000s, Canada in the 2000s, Ireland in the 1980s and the 2000s, and the US in the 2000s are not uniquely covered by this term (since they are also members of the second solution term) they too are well explained by this logic. Indeed, their simultaneous membership in the second path simply shows that they lack not only a left government and the political fragmentation required for modernizing compromises, but also the cost-cutting reforms that indicate such a compromise may have taken place.

The second path is less informative. It uniquely covers the case of Denmark in the 1980s and the cases of the Netherlands in the 1980s and the 2000s, and consists of the absence of a left government combined with the absence of cost-cutting reforms. In this way it too, like the first path, indicates that universalising change was absent because it could not have arisen either from a strong left government or from a non-left government pursuing modernizing compromises. However, this explanation is not entirely satisfactory. While it is possible that this combination of conditions may explain the absence of modernising compromises in the Netherlands in the 1980s and 2000s, it does not adequately explain the absence of universalising change in Denmark in the 1980s, where high union density allowed for the possibility of universalising change through collective self-regulation.

Table 20. Analysis of sufficient conditions for the outcome 'no extension of private pension coverage', intermediate solution

Solution	~hi_left* ~hi_frag +	~hi_left*~cuts	→ univ
Single country coverage	*AUS00,* ***CAN80, CAN90,*** *CAN00, IRE80,* ***IRE90,*** *IRE00,* ***NZ90, UK80, UK90, US80, US90,*** *US00*	*AUS00, CAN00,* ***DEN80,*** *IRE80, IRE00,* ***NET80, NET00,*** *US00*	
Consistency	*0.991071*	*1.000000*	
Raw Coverage	*0.677518*	*0.404883*	
Unique Coverage	*0.421668*	*0.149034*	
Solution consistency: 0.992669; Solution coverage: 0.826551			

Frequency cut-off: 1.000000; Consistency cut-off: 0.951872.
Assumptions: lo_erel (present)

Conclusion

The results presented in this chapter offer clear support for the idea that the absence of a significant earnings-related state pension is important in explaining regulatory reforms that make private pensions more universal. In particular, I found that in the absence of high union density, the absence of a significant earnings-related pension leads to universalising reforms through the regulatory extension of private pensions either when there is a strong left government, or when they are introduced by a non-left government alongside cost-cutting reforms in a fragmented political system.

Table 21. Country-five-year analysis of sufficient conditions for the outcome 'no extension of private pension coverage', intermediate solution

Solution	**~hi_left* ~hi_frag* ~hi_ud +**	**~hi_frag* ~hi_left* cuts +**	**hi_frag* hi_ud* ~cuts +**	**~hi_frag* ~hi_ud* cuts* ~lo_erel**	**→ univ**
Single country coverage	*AUS95, **AUS00, AUS05,**CAN80, **CAN85,** CAN90, CAN95, **CAN00, CAN05, IRE00, IRE05,** NZ90, NZ95,**UK90,** US80, **US85,** US90, US95, **US00, US05***	***AUS80,** AUS95, CAN80, CAN90, CAN95, **IRE95,** NZ90, NZ95, **UK80, UK85,** US80, US90, US95*	***DEN80, DEN85, DEN90, DEN95, DEN00***	*CAN80, CAN90, CAN95, **UK95***	
Consistency	*0.996585*	*1.000000*	*0.873070*	*1.000000*	
Raw Coverage	*0.434773*	*0.277506*	*0.108321*	*0.083848*	
Unique Coverage	*0.208129*	*0.067887*	*0,091296*	*0.006810*	
Solution consistency: 0.973784; Solution coverage: 0.600766					

Frequency cut-off: 1.000000; Consistency cut-off: 0.825758
Assumptions: ~lo_erel (absent)

CHAPTER SIX

DEVELOPING THE CAUSAL ARGUMENT WITH THREE COUNTRY CASES

In this chapter I substantiate the preceding Qualitative Comparative Analyses with three case outlines. These case outlines shift the focus of analysis, from the causal conditions and outcomes that constitute the analytical construct of country-decades, to reform processes in real countries in all their complexity. The aim is to shed some light on the causal mechanisms that lie behind universalising reforms. To this end I create explanatory narratives linking the institutional conditions identified in previous chapters to the reforms that have occurred, via the policy preferences of key political actors.

For each case outline I developed an in depth understanding of the reform context by drawing on a range of primary and secondary sources, including the Factiva database which provided me with access to rich press coverage of the reform process over the entire time period considered. I then systematically examined the policy preferences of the major political parties, as well as of the main representatives of employers, employees, and the pension industry. For this I used party documents, parliamentary debates, conference minutes, press releases, consultation responses and official statements, as well as a small number of expert interviews that I conducted with key policy actors[5]. My case selection was guided by the results of the QCA and is set out in the remainder of this introduction.

I begin by looking at Australia to illustrate how a mismatch between prevalent private pensions and a reliance on targeting generates political dynamics that can lead to universalising reforms to the state pension. According to the statement of sufficiency summarized in Table 12, the mismatch between targeting and private pensions leads to universalising reforms only when in combination with a non-left government, the absence of a significant earnings-related state pension,

[5] The most substantial of these were one-hour interviews with senior pension experts from the NAPF (interview 1) the TUC (interview 2) and ASFA (interview 3).

and low national savings. The country-decade case of AUS00 is 'typical' in the sense that it is both in line with this statement of sufficiency, and a good empirical instance of both the outcome and the causal path (Schneider and Wagemann, 2012:312). In addition, as Table 13 shows, the country-decade cases of AUS80 and AUS90 are typical cases of non-reform due to the absence of a left-government. As such, the three country-decade cases are well suited to unravel the causal mechanisms that link the conditions to the outcome (Schneider and Wagemann, 2012:312).

Taken as a whole therefore, the case of Australia between 1980 and 2009 is ideally suited to illustrate how the mismatch between private pensions and targeting contributes to bringing about universalising reform, as well as the Nixon-goes-to-China logic behind the importance of a non-left government. Although the Australian country-decades are not *most* typical cases (fuzzy-set membership scores in the causal conditions are higher in Denmark and New Zealand) Australia is chosen because it illustrates particularly clearly the role of low national savings – a condition which was included in the QCA on a purely inductive basis and is therefore in need of some discussion.

I then turn to look at how the UK *state pension* became more universal. From the Qualitative Comparative Analyses in chapter four, the country-decade case of UK00 seems to stand out as exceptional. As Table 12 shows, it is the only case of universalising reform to occur under a left government. In the analysis of non-reform too, the country-decade case of UK00 the case stands out. It can be described as a 'deviant' case from the second causal 'path' *(~left*) in the sense that universalising reform occurred despite full membership in a solution term which in all other cases was associated with an absence of universalising reform (Schneider and Wagemann, 2012). As such, the universalising reforms to the UK state pension that occurred in the past decade require some explanation.

In addition, an examination of reforms to the UK state pension is well-suited to show why it is that the prevalence of targeting and the absence of a significant earnings-related pension are of importance in explaining both the presence and the absence of universalising state pension reforms (Table 12 and Table 13). This is because the erosion of the state earnings-related pension and the growth of means-testing since the 1980s make it possible to unravel the causal mechanisms that link these particular conditions to the reform outcome, while keeping much else relatively constant. By tracing the policy preferences of political actors across time within a single unit and showing how they changed in response to the changing structure of the pension system, an examination of the UK is comparative yet keeps to a minimum unconvincing assumptions about the comparability of countries that differ greatly in their political institutions and policy history case (Gerring, 2004).

Finally, in a third case outline the UK is used once again, this time *with a focus on reforms that made private pensions more universal*. In particular, the case is used to substantiate the claim (summarised in Table 19) that in the absence of high union density and where there is also an absence of a significant state earnings-related pension, there will be coherent union demands for the extension of private pension coverage which will be met under a strong left government. In the Qualitative Comparative Analysis in chapter five, the country-decade of UK00 emerges as a typical case of this logic, as it is in line with the statement of sufficiency and a good empirical instance of both the outcome and the causal path (Schneider and Wagemann, 2012:307). Although again it is not the *most* typical case of the path (fuzzy-set membership scores in the causal conditions are higher in the other countries) the UK is chosen for two reasons. First, the erosion of the state earnings-related pension since the 1980s once more allows for a valuable within-case comparison (Gerring, 2004). Second, it will be seen below that the UK also constitutes a 'least likely' case for the argument that unions drive policy.

6.1 The Australian Age Pension: a typical case of universalising reform

The Australian welfare state has some peculiar features, which prevent an easy identification with Esping-Andersen's 'Liberal' ideal despite its reliance on voluntary market-provided welfare and means-tested benefits. Of particular relevance here is the system of compulsory wage arbitration that characterised the Australian labour market from 1907 and throughout the formative years of welfare state development. Under this system, wages were set at a level sufficient to provide a 'civilised life' for the wage earner, his wife, and three children, and wage dispersion was low. This was social welfare via regulation of the wage relationship, and Australia was a 'wage earner's welfare state' (Castles, 1985).

As a result of this rather unique context, the principle of targeting welfare benefits enjoys support across the political spectrum. The Australian Labour Party (ALP) has historically maintained an ideological commitment to means testing, and has generally supported the selectivity of Australian welfare state programs (Weatherley, 1994: 154-155). After all 'if wages were fair and reasonable, it would only be the improvident and those unusually circumstanced who would require help' (Castles, 1985: 99). Even today, support for targeted vis-a-vis universal benefit arrangements does not vary systematically with political party preferences of the electorate (Evans and Kelley, 2003: 53-54). It is the scope and tightness of targeted welfare arrangements that have been up for debate in Australia, rather than their existence.

The flat-rate, general taxation financed *Age Pension* was tightly means tested at its inception in 1908, but eligibility conditions have since been successively loosened. In 1912 the family home was exempted from the means test, and 1946 and 1954 saw increases in income and assets limits. Targeting was further loosened through the introduction of the 'merged means test' in 1960 under which income and property became interchangeable, and through its replacement by the 'tapered means test' in 1969 which halved the withdrawal rate from 100 percent to 50 percent.

The Whitlam Labour government completely removed the means test for those aged over seventy in 1975, and the Fraser coalition government continued the trend in 1976 when it replaced the income and assets tests with a test on income only (Commonwealth Treasury of Australia, 2001: 70). By this point, the Age Pension had been transformed from a benefit tightly targeted on the poor to an almost universal benefit covering over 80 per cent of the population and excluding only the well-off middle classes and the rich (Castles and Mitchell, 1993, Scruggs, 2004, Daniels, 2011). In the 1980s however the trend towards ever more universal pension arrangements came abruptly to a halt.

THE ALP'S FISCAL IMPERATIVE

In 1982 the Hawke Labour government came to power in the midst of a recession. Determined to avoid the early defeat of the Whitlam government, the Hawke government set about gaining the support of business, and proving its fiscal reliability. It departed from the policies of the Whitlam government in a programmatic shift that has been deemed by some as a betrayal of the Labor tradition (Jaensch, 1989, Maddox, 1989) and by others as an Australian antecedent of the Third Way that foreshadowed the policies of New Labour in the UK over a decade later (Pierson and Castles, 2002: 698).

This programmatic renewal involved a major restructuring of the welfare state, marked by increased means-testing and selectivity (Weatherley, 1994: 157, Castles, 2001a: 8). Pensions were among the first benefits to be more tightly targeted. In 1983 the Hawke government tightened the income test for those over seventy, and in 1984 reintroduced the assets test, such that either the income or the assets test was now to be applied, depending on which test gave the lower pension level. For the ALP, these changes were a necessary response to a changing internal and external environment (Keating, in Pierson and Castles, 2002: 686). 'We didn't call what we were doing the Third Way. For Australia, we saw it as the only way' (Keating, 1999).

Individually, these reforms were electorally unpopular. In the 1984 federal election, the opposition gained popularity by promising to abolish the 'iniquitous' assets test (Power, 1988). However, the ALP's display of fiscal rectitude ultimately paid off at the ballot box, and very soon opposition pressure to abolish the assets test dissipated. For one thing, the tightening of Age Pension eligibility conditions was popular with representatives of Australian business - the Business Council of Australia (BCA) 'proposed not only retention of the assets test, but a major tightening up of the assets test' (Business Council of Australia, 1988: 1618). For another, the opposition's offer to abolish the assets test sat awkwardly with its own emphasis on budgetary surplus and their very public calls for further tightening of eligibility criteria for social security on the grounds of reducing government spending. Their position on the assets test was watered down from abolition, to retention with liberalisation (The Australian Financial Review, 1989a, Power, 1988).

At the same time as the Hawke government was making the state pension more tightly targeted, it was also working to make the system of voluntary private pensions more universal. Representatives of labour had, since the 1970s, expressed dissatisfaction with the fact that private pensions covered little over 32 per cent of wage and salary earners, and were confined mostly to the public sector, to middle and senior management and administrators, and to employees in the banking and insurance industries (Commonwealth Treasury of Australia, 2001: 74). Following successive failed proposals to introduce a state earnings-related pension scheme in 1928, 1938 and 1976, prominent union leaders began to demand the extension of private superannuation to all employees, including casual and part-time workers, through the inclusion of superannuation in negotiated industrial conditions.

The Hawke government expressed support for the idea of building an employer superannuation contribution into a national centralised wage decision. For the ALP, this seemed to offer the chance to significantly increase rewards to labour whilst simultaneously containing aggregate demand and dealing with the problem of low national savings which had been building up until the mid-1970s and had not improved despite the government savings of the second half of the 1980s (Pierson and Castles, 2002: 689, Stutchbury, 1991).

As early as 1983 the ALP initiated discussions between the treasurer Paul Keating and the Secretary of the Australian Council of Trade Unions (ACTU) Bill Kelty. The idea came to fruition in 1986, with the agreement of the Accord Mark II. Employees were to receive a 6 per cent increase in compensation in line with inflation, but half of the increase would accrue in the form of a 3 per cent employer superannuation contribution to be paid into an individual account in an industry fund.

Despite the rapid growth in superannuation coverage that resulted from the 1986 Accord, by 1991 nearly one-third of private sector employees remained uncovered, mainly due to a number of compliance problems. When these compliance problems were cited by the Conciliation and Arbitration Commission (now the Industrial Relations Commission) as the reason to reject demands by the ACTU and the Labor government for a further 3 per cent superannuation increment, the government moved to introduce a mandatory superannuation system in the form of the 'Superannuation Guarantee'. The move was announced in John Kerrin's 1991 budget. From 1st July 1992, employers would be required to make superannuation contributions on behalf of their employees, and would be liable to pay a Superannuation Guarantee Charge if they failed to comply (Commonwealth Treasury of Australia, 2001).

By the end of the first year of Superannuation Guarantee operation, 80 per cent of public and private employees were covered. By 1991 this had risen to 91 per cent. The Superannuation Guarantee became the Hawke government's flagship policy. In addition to addressing the issue of earnings replacement in old age, it was a high profile way of addressing the low national savings rate, which had become a media obsession and a policy priority by the late 1980s (1989b, Cavalier, 1989, Dodson, 1989). With the Superannuation Guarantee, private savings could be increased substantially without relying on increased spending on tax incentives, and as a result public spending could remain tight, and be further reduced over time. Building on the ALP's previous tightening of the means test, the Superannuation Guarantee meant that the Age Pension would become increasingly residual as more people built up private superannuation and became ineligible for benefits. National savings would improve through a combination of public and private savings.

Yet Australia's low level of national saving was not solved by super moves, and in fact worsened as a result of the economic recession of 1990 (McKeage, 1995). The national savings issue therefore carried on right through the 1990s. The government commissioned an independent report on national savings, which was published in 1993 and widely discussed in the media (Dodson, 1993, The Australian Financial Review, 1993, Hoyle, 1993). The thrust of this report was that the government was going in the right direction with the policy approach of improving national savings by increasing the role of private retirement income and making the Age Pension a more targeted safety net for the poor and long-term unemployed. The Fitzgerald report suggested the government continue with the scheduled increases in compulsory contributions, and also that it incentivise private by retaining tax concessions on the Superannuation Guarantee and considering tax incentives for voluntary contributions (Fitzgerald, 1993).

Legitimated by the Fitzgerald report, and having proved its fiscal rectitude with a Treasurer 'bent on deficit reduction' (Piggott, 1993) the ALP, now under the leadership of its former Treasurer, went on to loosen the purse strings a little. The ALP promised a government 'co-contribution' of 3 per cent of wages to be paid into industry superannuation funds alongside 3 percent from workers, and 9 percent from employers. This promise formed the centrepiece of Labor's 1995 Budget. The 15 per cent of wages which would in total be saved as superannuation was to 'take a worker on average earnings… almost completely off the taxpayer teat by 2042' (The Australian, 2002). In short, the measures announced in the ALP's budget reinforced their previous tightening of Age Pension eligibility condition, and were to make the Age Pension less universal over time.

A CHANGE OF GOVERNMENT

The ALP lost the 1996 election to a coalition of the Australian Liberal and National Parties led by John Howard, for reasons largely unrelated to national savings, superannuation or the Age Pension (Goot and Watson, 2007, McAllister, 1996). Once in power, the Coalition began to pursue a retirement policy broadly similar to that of the ALP. The Superannuation Guarantee (and compulsion to save for retirement more generally) had been a Labor project opposed by Howard, and the Coalition remained suspicious of the Association of Superannuation Funds of Australia (ASFA) the peak lobby group which was headed by former Labour minister Susan Ryan. Nevertheless, the Coalition government accepted that that the Superannuation Guarantee was here to stay. Aware that the Superannuation Guarantee enjoyed broad cross-party voter support (Fenech, 2997, Evans and Kelley, 2003), the Coalition reasoned that it had inherited 'both Labor's proposal and the expectation that has gone with it' (Liberal Party of Australia and National Party of Australia, 1996b: 6) 'Australians now own $230 billion in superannuation assets. Doing away with the system now would generate uncertainty and insecurity amongst contributors thereby undermining people's confidence in superannuation as a desirable savings vehicle' (Liberal Party of Australia and National Party of Australia, 1996b: unpaginated introduction). The Coalition committed to the 'retention of the Superannuation Guarantee Charge which will increase to 9 per cent in accordance with the time frame enshrined in legislation' (Liberal Party of Australia and National Party of Australia, 1996a: 3).

With compulsory savings set to pick up a greater share of retirement income financing, the Age Pension was to become more tightly targeted as the ALP had envisaged. Moreover in 1996, the Coalition planned to tighten the means test for people aged between 55 and the pension age in such a way as to catch the assets held in superannuation funds. In line with the policy logic of the previous government, this was legitimised by the need to increase national savings, which the Coalition pointed out had 'crashed under Labor' (Liberal Party of Australia and National Party of Australia, 1996a: 1). To this end, again in line with ALP policy, deficit reduction was the key. As Coalition Leader John Howard announced, 'the most effective way to raise national savings is by generating substantial structural budget surpluses over the medium term' (Howard, 1996). But the Coalition's commitment to a more tightly targeted Age Pension was not to last long.

THE NATIONAL SAVINGS SOAP OPERA

The tightening of the means test was not popular with the superannuation industry, which had grown significantly as a result of ALP policies. In 1996 the Australian reported that Susan Ryan, the executive director of ASFA was 'fired up over social security tests', and had responded fiercely to the new government's plan to tighten the means test for people aged between 55 and the pension age. Instead, ASFA wanted a higher financial asset threshold (Kavanagh, 1996).

The superannuation industry in fact had a number of reasons to be frustrated with the Coalition government. Despite the Coalition's commitment to maintaining the Superannuation Guarantee, Howard 'saw Super as an important, but not favoured, element of a wider savings smorgasbord', and seemed to be promoting 'the agenda of making super less attractive' (Megalogenis, 2006). The Coalition had introduced policies to increase competition within the retirement savings industry; banks were allowed to set up 'Retirement Savings Accounts' in direct competition with the industry superannuation funds (Megalogenis, 2006) and the Coalition soon scrapped the government co-contribution, replacing it with tax incentives for a variety of voluntary savings vehicles such as 'Employee Share Ownership Schemes' (Megalogenis, 1997). Even worse, the 1996 Budget announced the introduction of a 'Superannuation Surcharge' a tax on the superannuation savings of high-income earners (Costello, 1996: 10). When the superannuation industry complained, Howard accused the funds of 'talking out of their own pockets' (Megalogenis, 1997).

Mindful of such criticism, the superannuation industry began to campaign against the Coalition's policies by appealing to the national savings debate. They stepped up their longstanding campaign to bring national savings to the forefront of media attention, but crucially, they emphasised private rather than public savings. They noted that household savings had shrunk to a near historical low, and made public statements insisting that 'we need to now focus on private savings if we are to fix the current account deficit (Smith, 1998). The emphasis began to shift from government saving to private saving, and the battle to make people save became 'the nation's prime economic soap opera' (Megalogenis, 1999).

The superannuation industry demanded increases in compulsory superannuation contributions, tax incentives for voluntary employee contributions, and tax simplification. But they also insisted that 'the interaction between private retirement income and the Age Pension must be fair and effective' (Smith, 1998). For some industry actors, like the Institute of Actuaries and parts of the insurance industry, this meant adopting a fully universal Age Pension and a virtual elimination of any means tests (Dunstan, 1993, Blue, 1996). The majority of the financial and banking industry however did not have the appetite for such full-on reform, and simply demanded a loosening of the means tests (Interview 3).

Santa on steroids

It was not long before the Coalition government began to realise that a focus on private savings could be used to justify a shift in policy emphasis from fiscal rectitude to expansionary loosening of the means tests. In the run up to the 1998 election, the Coalition government announced its intention to implement ‘the biggest single remake of the Australian taxation system since Federation’ if re-elected (National Archives of Australia). The new tax system would be 'fairer' and would provide ‘stronger incentives to work and save’ (Costello, 1998). The tax reform would introduce a controversial Goods and Services Tax. At the same time, it would introduce popular compensatory measures. There would be a 2.5 per cent increase in the income test ‘free’ areas applied to the Age Pension and to various other income support payments, and the income test for pensions would be loosened by reducing the taper rate from 50 per cent to 40 per cent. These hand outs were to be included on the grounds that they would ‘improve incentives to save for retirement by increasing the returns from such saving at the time that people retire’ (Costello, 1998).

The Coalition government was re-elected and introduced the changes to the means test in 2000 and 2001 as set out in their pre-election schedule (Costello, 1998). The loosening of targeting did not end there. In addition, the Coalition exempted people between 55 and pension age from the social security means tests, in a reversal of the means test tightening which had so infuriated ASFA in 1996 (Costello, 2000).

In doing so, the Coalition pushed aside calls from business representatives to address national savings through tightening government spending. In their submission to the Budget process of 2001, the Business Council of Australia (BCA) had drawn attention to the continued 'national savings issue'. Though the BCA’s submission noted that national savings could be improved through both government and private saving, it suggested 'building upon the existing mandatory program of superannuation savings' and removing 'remaining biases against saving in the tax system' rather than increasing government spending on tax incentives or looser Age Pension eligibility conditions to encourage private saving. Overall, the BCA had called for 'tighter targeting of transfers to those in greatest need' (Business Council of Australia, 2001: 11).

At root, the universalising reforms implemented by the Coalition government in 2000 and 2001 were driven neither by Business nor by superannuation industry concerns. Although legitimated and justified with reference to improving private savings as part of the broader national savings debate, the reforms were to be the first in a series of popular yet financially costly measures, intended to change the Howard government’s image ‘from mean and tricky to caring and sharing’ (Frith, 2001). In this sense the reforms were a calculated gamble. In loosening the purse strings the government would put at risk its major 'asset' – its claim to responsible economic management. The gamble paid off. The 2001 Budget was picked up by commentators as an attempt to buy votes (Steketee, 2001, Kelly, 2001), but although it was deemed bribery by the ALP, the opposition leader Kim Beazley was ‘not about to suggest that a Labour government would take away these handouts' (Frith, 2001).

The superannuation friendly nature of the Coalition government’s new policies were noticed by the media (Megalogenis, 1999, Hayes, 2002, Megalogenis, 2006), but the industry itself was not satisfied (Richardson, 2001) and continued its campaign to draw attention to low private savings. In 2003 the Investment and Financial Services Association (IFSA) identified a possible 'retirement savings gap' of $600 billion in a high profile, well publicised report, and recommended better integration of super, social security, and tax systems (Wilson, 2003). Private savings were still very much in the public eye.

In 2005, the Coalition abolished the Superannuation Surcharge, to the great satisfaction of the superannuation industry, on the grounds that ‘this government believes in incentives’ and amidst a flurry of press releases pointing out that this would encourage saving (Commonwealth of Australia, 2005). In the Budget the following year, the Treasurer announced ‘the most significant change to Australia’s superannuation system in decades’ (Costello, 2006).

He promised to simplify superannuation, and streamline its taxation. This budget, deemed the 'Santa Claus budget' (Tanner, 2006) was Costello’s most generous to date. The most expensive part of the government's planned reforms was a more generous assets test for the Age pension. The assets test taper rate was to be halved, and the assets test threshold raised from $343,750 to $529,250 (Negline, 2007, Parliament of Australia, 2006). Once again, the justification for this loosening of targeting was that it constituted a ‘large disincentive to save for retirement’ (Costello, 2006). The justification echoed the submissions of the superannuation industry, who had 'lobbied hard' for the reforms (Small Independent Superannuation Funds Association, 2006, Parliament of Australia, 2006, Australian Business Association, 2006: 15, Association of Superannuation Funds of Australia, 2006: 30), and now, alongside senior union representatives (House of Representatives, 2006), commended the Coalition government (Ryan, 2006) pronouncing that the Liberal Party 'now the official party of Superannuation' (House of Representatives, 2006).

The announced changes were implemented with the Tax Laws Amendment (Simplified Superannuation) Bill of 2007. The package received cross-party support, including from the ALP, whose proposed second reading amendment was merely to add:

> *'that Labor governments laid the foundation for Australia's modern superannuation system by introducing compulsory superannuation contributions' (House of Representatives, 2006).*

Soon after the reforms, the Treasury's Retirement and Income Modelling Unit released a paper claiming that the Superannuation savings shortfall identified by the IFSA was a 'myth'. The Treasury criticised a number of the IFSA's assumptions, including, most prominently, its 'contention that the government Age Pension should be regarded as peripheral to consideration of retirement incomes rather than as an integral and important part of those incomes' (Fenech, 2007a, Fenech, 2007b). The Coalition had not only introduced significant universalising pension reforms. In promoting the generous Budgets of a Treasurer that had been likened to 'Santa on steroids' (Saunders, 2007), it had also moved away from the ALP's stated vision of an Age Pension of ever more residual coverage.

UNIVERSALISING REFORM IN A TARGETED AND MARKET-HEAVY SYSTEM (1)

Australia was chosen as typical of the combination of conditions that I suggested in chapter four characterise the 'private savings' logic of reform. These conditions were prevalent targeting, the absence of a significant earnings-related pension, low national savings, and a non-left government. As well as covering universalising reforms in Denmark, the UK and New Zealand, the QCA in chapter four suggested that this logic also explains why universalising reform of the state pension did not occur in most of those cases where it was absent.

At the root of the 'private savings' logic lies a mismatch between the prevalence of means-testing and the prevalence of private savings. I suggested that this generates an interest among significant parts of the electorate in universalising reforms that do not exclude them from receipt of a state pension. Drawing on the Nixon-goes-to-China logic that reputation matters, I suggested that non-left governments would be best placed to act on this mismatch because of their reputation for fiscal rectitude.

The loosening of Age Pension eligibility conditions under the Coalition government reflects the 'private savings' logic rather well. The narrative shows an ALP eager to prove its fiscal rectitude to business and the electorate, embarking on successive tightening of the Age Pension eligibility conditions. Moreover, the ALP's expansion of private saving was explicitly intended to make the Age Pension increasingly residual over time. By contrast, the narrative shows how the Coalition had the reputational leeway to introduce a series of expansionary budgets that included popular reforms easing the mismatch between targeting and private pensions that was affecting increasing numbers of people.

The narrative shows however that even for the Coalition, the decision to loosen the means test was not an obvious one. When it came to power in 1996, the Coalition initially continued to emphasise deficit reduction and the tightening of targeting. It was only after representatives of the superannuation industry started to publicly emphasise low private savings as part of their critique of government policy that the Coalition began to loosen the means tests. Although loosening the means tests entailed popular benefit increases for those whose private savings would otherwise reduce their entitlement to a state pension, the Coalition had played a large part in the construction of the fiscal imperative during its time in opposition. It justified its expansionary pension policies by highlighting how they would reduce disincentives to save and in doing so improve the country's low national savings.

The Australian case suggests therefore that low national savings should be interpreted as facilitating rather than driving universalising state pension reforms. After all, a variety of policy responses were offered for the same national savings problem. When low national savings were first identified as a primary policy concern in the 1980s, the ALP responded by targeting the Age Pension more tightly to increase state saving, whilst at the same time introducing the Superannuation Guarantee to expand private saving. In its first term in government, the Coalition framed the problem of low national savings as business representatives had done, as one of fiscal profligacy to be tackled primarily by increasing state saving. By its second term, the Coalition had taken the superannuation industry's lead and reframed the problem of low national savings to emphasise deficient national saving. The Australian case thus shows that the 'private savings' logic of universalising reform is not a 'functional' response to low national savings. Rather, as expected, the 'private savings' logic is eminently political, driven by the potential electoral popularity of universalising reforms.

In the next section, I turn to look at the UK which seemingly emerges from the QCA as a deviant case of universalising reform to the state pension which is driven by a left-of-centre government. In so doing, I end up offering further support for the idea that reputational politics are involved in universalising reform. In addition, I further clarify the political nature of the 'private savings' logic of universalising reform, and I offer a suggestion for why the absence of an earnings-related pension emerged from the QCA as part of this reform logic.

6.2 THE UK'S STATE PENSIONS: A DEVIANT CASE OF UNIVERSALISING REFORM?

CONTESTED PENSION POLITICS IN THE 1980S

In the 1980s, pension politics in the UK were contested in a rather straightforward way. The Conservative government, in line with a broad commitment to privatisation and fiscal austerity, wanted to shift responsibility for pension provision from the state to the market. The role of the state was to be confined to poverty relief through targeted means-tested benefits, and earnings replacement was to be provided by private pensions (Hills, 1998). To this end, in their second term the Conservatives tried to abolish the State Earnings Related Pension Scheme (SERPS) that supplemented the flat-rate contributory Basic State Pension. The abolition of the SERPS did not succeed, as has been widely documented (Oude-Nijhuis, 2009, Pemberton, 2010, Schulze and Moran, 2006b). The *Social Security Act* of 1986 fell short of the desired abolition of the SERPS but it did expand the market for private pensions. The Act responded to calls from employers and the pension industry for a less costly SERPS by extending incentives to opt-out in favour of private schemes, and introducing an additional rebate of National Insurance contributions for new occupational and personal pension plans (Schulze and Moran, 2006b: 73).

More significantly for this narrative, six years earlier the Conservative government had passed a less high profile reform of pension indexation. State pensions were no longer to be uprated by the better of earnings or prices but by prices only. The result, given prevailing trends in the growth in wages and prices, was to erode the value of the state pension dramatically and to push people into means-tested benefits who otherwise would have received those benefits as a matter of contributory right. This shift towards means-tested pensions was no side-effect of indexation. Rather, increased targeting was characteristic of the Conservative government's broader welfare policy. Welfare reforms passed under the Conservatives moved total cash benefits a long way in the direction of means-testing and targeting. In 1979-80 means-tested benefits constituted only 9 per cent of total cash benefits. By 1995-96 they constituted 22 per cent (Hills, 1998).

By contrast, throughout the 1980s the Labour party was strongly committed to contributory rather than means-tested benefits (Hills, 1998). Like its Social Democratic counterparts in the Nordic countries, the Labour party response to widening income distribution and a growing middle class in the 1950s had been to introduce an earnings-related state pension to replace accustomed income in retirement. It had taken the Labour Party over twenty years to introduce the SERPS in 1975 in the face of mainly Conservative opposition, and the party was now fighting fiercely to retain the scheme and to restore the link between pension benefits and earnings. In its 1983 Manifesto, Labour not only promised to restore the earnings link but also promised to reverse the decline in the value of the basic state pension that had occurred since de-indexation. This commitment was repeated in the 1987 Manifesto,[6] and Labour went to the 1992 general election promising to raise the top rate of tax and middle income national insurance contributions (Hills, 1998). A report commissioned by the Labour party in December 1992 was publicly critical of the growth in the number claiming means-tested benefits, and argued that the social security system should be based upon the foundation of social insurance (Driver, 2002). The Labour party's commitment to the contributory principle and its condemnation of means-testing continued even as it came under increased strain in a succession of electoral defeats.

[6] Although this time the Manifesto did not promise to reverse the decline in the value of the basic state pension that had occurred since 1983.

The Tories labelled the 1992 shadow budget 'Labour's tax bombshell' and Labour lost the election. Although subsequent analyses of voting behaviour found little evidence Labour had been defeated on the basis of its plans for taxation, the message drawn by the new leadership under Tony Blair was that Labour had to lose its tax and spend image (Hills, 1998: 22). The Labour party conference in 1996 was a turning point in this direction. The party abandoned its commitment both to earnings uprating and to restoring the SERPS. By the time New Labour came to power in 1997 promising not to raise income tax and to stick to spending limits set by the Conservatives for the first two years in government, it was no longer redistribution between classes but rather poverty relief that was the party goal (Driver, 2002).

In line with this change in objectives, New Labour opted to increase the generosity of the means test rather than the basic state pension. Its first pension reform, the *Welfare Reform and Pensions Act* of 1999, reformed the means-tested pension. The new 'Minimum Income Guarantee' was to be substantially more generous than its predecessor, at twenty per cent of average earnings. Moreover, it would 'hold its position against average earnings while the value of the basic state pension, linked only to prices, continues to shrink' (Timmins, 1998). One year later, the *Child Support, Pensions and Social Security Act* replaced SERPS with the Second State Pension (S2P), moving the state gradually but definitively out of the business of earnings replacement and marking the unambiguous end of the Labour party's commitment to social insurance.

New Labour's change in policy orientation did not occur without an internal struggle. Traditionalists within the party fought to preserve the SERPS and avoid any move towards a more residual state pension (Castle and Townsend, 1996). New Labour's emphasis on poverty relief and targeted benefits was also opposed by party modernisers, on a rationale that chimed with Conservative critiques of welfare dependency. Frank Field, who was appointed as a Special Minister for Welfare Reform in 1997, was prominent amongst such voices. For Field, the problem with means-tested benefits was not only that they locked individuals into a poverty trap, but also that they had a morally damaging impact on behaviour.

'Means tests penalise all those human attributes- such as hard work, work being adequately rewarded, savings, honesty - which underpin a free, let alone civilised society' (Field, 1995 in Driver, 2002: 95).

Field supported radical reform to reduce the role of means testing. All attempts to shift the policy emphasis away from poverty relief were however in the end blocked by the Treasury, on the grounds of cost (Hills, 1998: 20). Instead the Labour government tried to mitigate the disincentive effects of targeted benefits by introducing palliative measures. The *Child Support, Pensions and Social Security Act* introduced for the first time an additional pension for carers and disabled people with broken work records, making it easier for these people to keep off the means test. In 2002, the *State Pension Credit Act* replaced the Minimum Income Guarantee with the Pension Credit, which offset some of the disincentive effects of the means-tested Minimum Income Guarantee by rewarding people over 65 for their savings.

INDUSTRY COMPLAINTS LEAD TO A NEW CONSENSUS

Neither the *Child Support, Pensions and Social Security Act* nor the *State Pension Credit Act* reassured pension industry representatives increasingly concerned about stagnating retirement savings. Pensions industry representatives were critical of disincentives to save, and began to lobby against means-testing in favour of a more universal state pension receipt of which would be less affected by private retirement savings. The National Association of Pension Funds (NAPF) was the first organisation to propose reforms in this direction. The proposed reforms were radical. The NAPF wanted:

> *'the various state pension strands combined to create a universal, non-contributory citizen's pension, with eligibility based on a residency test'* (Skypala, 2002).

The Labour government rejected the NAPF's proposal outright, insisting that the S2P would not be scrapped (Timmins and Eaglesham, 2002). The opposition's response however was much more accommodating. The shadow Work and Pensions secretary and spokesman David Willets responded to the NAPF's proposal by announcing that the Conservatives could be willing to back proposals for a single state pension sufficiently generous to take people off means tested benefits. Crucially, the opposition stated that they would back such a proposal

> *'if we were confident it commanded support from the occupational pension fund movement and employers'* (Willets, 2002).

Support from pension industry representatives was consolidated in early 2003 when the Association of British Insurers (ABI) 'joined the chorus of providers and analysts demanding changes to the state pension system to rescue the ailing private pension system' (Timmins, 2003). According to the ABI the Pension Credit, which was to come into effect that year, would go to fifty-five per cent of the population and would 'leave many wondering why they should save'. To get rid of systemic disincentives to save, the ABI aligned with the NAPF in calling for 'a simpler, less means-tested system' (Timmins, 2003).

Three months after the ABI's statement, the Conservatives began to publicly advocate a more generous state pension less reliant on means-testing. The FT reported that David Willets had 'expressed strong interest in the calls from pension providers and others for the basic state pension to be rebuilt' in order to restore private saving (Financial Financial Times, 2003). The Conservative party's pension spokesman was clear:

> *'My position is that means testing has increased, is increasing, and ought to be diminished. We are committed to reform of the state system so that pensioners are less dependent on means-tested benefits' (Financial Financial Times, 2003).*

The Conservatives proposed scrapping the S2P and providing in its place a Basic State Pension which would be 'much higher' than the Basic State Pension at the time, and 'arguably higher' than the means-tested pension (Timmins and Turner, 2003). To this end, the Conservatives proposed to restore the link between the Basic State Pension and average earnings that was broken by Thatcher in 1980 (Timmins and Newman, 2003). Over fourteen years, the Conservatives argued, the restoration of the earnings link would mean that 'the Basic State Pension would catch up with the means-tested Pension Credit, effectively eliminating it' (Timmins and Turner, 2003). The Conservative party's new policy stance was a clear move away from Thatcherite attempts to residualise the state pension under which means testing had grown dramatically. In formulating the new policy stance, the Conservatives pushed aside reservations from traditionalists within the party who opposed the idea of expanding the Basic State Pension on the grounds of cost (Timmins and Newman, 2003).

Equally significantly, the reservations of employers were also side-lined. Employer representatives had responded to talk of increasing the generosity of the Basic State Pension positively but with some caution. In 2004 the Confederation of British Industry (CBI) took the 'unusual step' of calling for an increase in state spending on pensions to be paid for by tax increases and by raising the state retirement age to seventy (Hall, 2004). However, the CBI was stalling for time. Although the Conservative pension spokesman welcomed 'the CBI's conversion to the idea that the Basic State Pension needed to be strengthened' he disagreed with the CBI's recommendation that this should not start to happen until 2020. Speaking to the press, Willets pushed aside the CBI's concerns, insisting: 'we need to start increasing the Basic State Pension as soon as possible to begin to get people off means-tested benefits' (Timmins, 2004b).

The Conservative's pledge to reduce the need for means-testing by restoring the earnings link to the Basic State Pension and raising it to the level of the Pension Credit ensured that pension saving was 'set to be a main issue in the general election' (Hall, 2004). Faced with the Conservative's pledge to expand the state pension, the Labour party began to rethink its policy stance. In September 2004, the Financial Times reported that:

> *'after three years of denying that the strategy is creating barriers to saving – chiefly through the Pension Credit, which is leading to greater reliance on means-testing – the government is acknowledging that its critics have a point' (Timmins, 2004a).*

In particular:

> *'in his conference speech, the Prime Minister announced that in a third term Labour would redesign the state system, putting more money into pensions while ensuring that the non means-tested basic pension was 'at the core' of the redesign' (Timmins, 2004a).*

Whilst the Treasury remained sceptical on grounds of cost, it was clear that 'outside the Treasury' there was 'a consensus building that the move to means-testing has damaged incentives to save' (Giles, 2004). This consensus acquired policy substance through the work of the Pension Commission. Although the remit of the Pensions Commission had initially been 'to keep under review the regime for UK private pensions' (Pensions Commission, 2004: ix) the Commission soon decided that 'the current system of private funded pensions combined with the current state system will deliver increasingly inadequate and unequal results' and by the time of the publication of its first report, the Commission had extended its own remit to cover also the state pension system. In 2005, the Pensions Commission followed the publication of their first report with an extensive consultation of government, industry and individuals. Nearly 250 written submissions were received. The consultation found that:

> *'The large majority of respondents say that they would prefer to see a system which had significantly less or no means-testing. Indeed the clearest consensus was around the need to prevent the further spread of means-testing in the pensions system' (Pensions Commission, 2005a: 26).*

Support for a universal Basic State Pension came most notably from the ABI and the NAPF. The ABI suggested that the Basic State Pension be reformed to have:

> *'less stringent eligibility requirements. For example eligibility might be based on residency or on a shorter working life, perhaps twenty years instead of forty years. Alternatively, the Government could reward periods of caring as if they were paid employment' (Association of British Insurers, 2005a: 6).*

And the NAPF proposed:

> *'A single universal state pension paid at the current Guarantee Credit level, linked to earnings with eligibility based on citizenship, not the contributory principle: a Citizen's Pension' (Pensions Commission, 2005a:29).*

The consultation formed the basis of the Commission's second report, which recommended reforms to make the state system less means-tested and closer to universal (Pensions Commission, 2005b). In 2006 the Government published its own proposals in a White Paper which closely followed the proposals of the Pensions Commission. The White Paper proposed to uprate the Basic State Pension to average earnings and loosen eligibility conditions for both the Basic State Pension and the S2P. The S2P would gradually become flat-rate, and it would be retained as a separate component from which individuals would still be able to opt-out into private schemes (DWP, 2006d). When the proposals were brought before parliament in the form of the 2007 Pension Act, they received cross-party support (HC Deb, 16 January 2007, c680).

UNIVERSALISING REFORM IN A TARGETED AND MARKET-HEAVY SYSTEM (2)

Although the UK had not fully turned its back on the contributory principle, it had taken the biggest step towards universalism in over thirty years. The reforms were introduced by Labour and for this reason the UK emerges from the QCA in chapter four as a deviant case of reform under left government. However, the preceding narrative shows that it was not the political left but rather the political right that played the crucial role in the introduction of universalising reforms to the UK state pension. It was the dramatic shift in policy stance of the Conservative opposition from Thatcher-era promotion of means-testing towards the promotion of a more universal pension that forced New Labour to rethink the strategy of targeting that it had adopted less than a decade previously.

As in the Australian case, the narrative shows the importance of pension industry representatives in the development of the Conservative's new policy stance. Citing concern about the negative effect that increased means-testing was having on incentives to save privately for retirement, both the ABI and the NAPF pushed decisively for a more universal state pension. Despite employer ambivalence, the Conservatives responded by adopting the language of 'incentives to save' to justify their first universalising policy proposal in living memory. The Labour party had been promoting targeted benefits as part of a show of fiscal rectitude, and was initially reluctant to change policy stance. It did so only after the idea was legitimised as a consensus through the expert work of the Pensions Commission.

What caused pension industry representatives to react when they did? By the 2000s, means-testing had increased as a result of both Conservative and Labour policies, and was set to increase further if no changes were made. Yet it is not possible to say with certainty whether this increase in means-testing was alone the reason that the NAPF and the ABI began to call for a more universal, less targeted state pension. Though the role of means-testing had increased, it had always been prevalent in the UK pension system. As the comparative data in chapter four shows, the prevalence of means-testing was above the OECD average not only in the 2000s, but also in the 1990s and the 1980s.

Why then were pension industry representatives not interested in the creation of a more universal state pension until the early 2000s? Bridgen and Meyer (2012) suggest that both the ABI and the NAPF began to push for a more generous state pension to avoid further regulation of the private sphere. They point out that industry calls for a rise in the state pension came shortly after voluntarism in private pension provision was called into question for the first time, with the establishment of a Pension Commission tasked with assessing the system's continued feasibility. This explanation centres around the threat of compulsion and further regulation rather than disincentives to save.

Though the threat of compulsion to save certainly loomed large, the ABI at least was ambivalent as to whether this would be such a bad thing - as I show in the next narrative, and as Bridgen and Meyer themselves point out (2012: 397). Yet the disincentive to save was a very real problem for both the NAPF and the ABI. For the ABI and those pension industry bodies affiliated with the NAPF, disincentives to save would erode the customer base of their members. For employer members of the NAPF providing workplace pension schemes, disincentives to save erode the value of the occupational benefits they offer to their employees.

My explanation for the timing of the ABI's and NAPF's calls for a more universal state pension is therefore somewhat different, and centres around how the earnings-related state pension affects the salience of means-testing. The preceding narrative shows that in addition to increasing the prevalence of means-testing, successive Conservative and Labour policies since the 1980s also eroded the SERPS. Before the SERPS was eroded, pension industry representatives were focused on minimizing the crowding-out of private saving by protecting and extending National Insurance rebates and the 'opt-out'. As SERPS declined, their attention shifted to how means-testing was creating disincentives to save.

Although there is insufficient variation in the UK case to 'isolate' the effects of the increase in means-testing and the declining significance of the earnings-related pension, the idea that means-testing becomes salient for pension industry representatives only in the absence of an earnings-related pension that crowds-out private saving is supported by the results of my QCA. In the QCA of chapter four, the absence of a significant earnings-related pension is associated without exception with universalising state pension reform, while the presence of a significant earnings-related pension is associated without exception with the absence of such reform.

6.3 THE UK'S PRIVATE PENSIONS: A LEAST LIKELY CASE OF UNIVERSALISING REFORM

In this section, I examine the UK case once again, this time with a focus on explaining the reforms that made private pensions more universal. The case is chosen as a typical case of the extension of private pensions under a strong left government. At the same time, the UK is chosen as it constitutes a least likely case for the argument that unions drive policy. Concentrated executive power without veto points makes it possible for the governing party to push through its preferred reforms, but also limits the scope for blame avoidance and increases the risk of being held electorally accountable for unpopular reforms (Weaver and Rockman, 1993). Policy proposals are thus shaped within the executive through extensive consultation and bargaining with affected interests, but whilst some interests are incorporated into policymaking others are marginalised (Schulze and Moran: 56). Since the 1980s, this has been the case for unions, and even the electoral victory of New Labour in 1997 did not restore their influence in policy making (Ludlam and Taylor, 2003, Simoni, 2007).

Meanwhile the political influence of other organised interests has increased. Employers as a group have been empowered by increasing economic openness and by the increased emphasis on economic competitiveness since the 1980s, and the pensions industry has been strengthened by a series of UK policies encouraging the growth of private pensions. Although sometimes internally divided, it is considered able to exert significant influence of pension policy (Schulze and Moran: 59). The narrative over the following pages shows how, even in this least likely context, union preferences were crucial in shaping New Labour’s policy agenda and made possible universalising reform.

1950-1992: OLD LABOUR'S BATTLE FOR A STATE EARNINGS-RELATED PENSION

In the mid-1950s the British Labour Party and affiliated unions developed a commitment to the idea of a state-earnings related pension that was to characterise pension politics for the next forty years. The flat-rate Basic State Pension set up in 1946 did not secure accustomed standards of living in old age, and as such it fuelled a rapid expansion of earnings-related occupational schemes confined largely to public sector and white-collar employees. The Labour Party made repeated attempts to bridge the growing divide between a 'privileged minority' lucky enough to benefit from generous occupational pension schemes and the 'unprivileged majority' who were dependent on the basic Beveridge pension by introducing a state pension comparable to the generous benefits offered by occupational schemes (Pemberton, 2010, Labour Labour Party, 1957). These attempts finally came to fruition in 1974 with the introduction of the SERPS on top of the flat-rate basic pension, amounting to 25% of income for all those insured. SERPS benefits were calculated on the basis of the average earnings of the best of twenty years, and were indexed to inflation.

The Labour movement's commitment to a state solution to earnings replacement in old age was most apparent in its fierce opposition to the Social Security Act of 1986. As discussed in the previous narrative, this Act passed by the Conservative party did not succeed in abolishing the SERPS but did seriously undermine it. The Act not only cut SERPS benefits by extending the reference period from twenty years to life-time career and reducing the replacement rate from 25% to 20%, but also created incentives for further privatization of supplementary pensions by extending the contracting-out rebate to DC schemes where previously only defined benefit schemes were allowed to contract-out. For Labour, this reform represented 'yet another attempt to undermine the whole labour movement by weakening their ability to withdraw their labour since to do so will place pension rights in jeopardy' (Labour Labour Party, 1985: 111). When the Green Paper was briefly debated in the House of Commons on 3rd June 1985, the Labour opposition attacked the government for being the 'pension snatcher' and for 'dismantling the welfare state' (Schulze and Moran, 2006b: 72).

The Annual Labour Party Conference of 1985 also documents multiple requests from unions that the next Labour government should commit to restoring the SERPS (Trades Union Congress, 1985, Trades Union Congress, 1986). For the TUC, the best twenty years rule made SERPS attractive for women and all those with irregular working careers (Schulze and Moran, 2006b). Its abolition would 'adversely affect millions of women who will lose any future possibility of attaining pension entitlement approximating that of men' (Labour Labour Party, 1985: 108). Moreover, according to the TUC, personal pension schemes – even if extended through compulsion to all as the Conservatives had initially proposed – were 'inferior' to a state solution. They 'would undermine the concept of collective insurance against risks such as death or incapacity' (Labour Labour Party, 1985: 108) and dependence on the rate of return from investment was insecure (Schulze and Moran, 2006b). The Labour movement's position was unanimous, and was summed up by Roy Grantham of the Association of Professional Executive Clerical and Computer staff when he moved at the Labour Party annual conference to condemn the plans to abolish SERPS. Personal pension schemes were bad news, and were being promoted solely because 'Mrs Thatcher is committed to helping her friends in the City to make more money out of personal pensions' (Labour Labour Party, 1985: 109).

The Labour Party's commitment to the SERPS and categorical rejection of private solutions was slow to change. Although Labour Manifestos for the 1979, 1983, 1987 and 1992 elections show a gradual shift towards more centrist positions (Simoni, 2007) at the 1992 general election Labour was still firmly committed to reversing the decline of the state earnings-related pension. A combination of increases in National Insurance contributions and the upper rate of income tax would enable SERPS to be 'revamped to provide the benefits it originally offered, before the present Government reduced its value' and if elected, a Labour government would 'seek to re-establish SERPS and good final salary schemes as the twin pillars of UK pension provision' and to 'stall the drive towards personal pensions' (Harrison, 1992).

However, after a fourth consecutive electoral defeat, the Labour party became determined not to raise taxes (Blitz and Smith, 1996). Behind the scenes, the party faced an internal struggle. According to the Financial Times, reporting in 1996, Labour was 'struggling to find social policies which please its traditional wing and are fiscally responsible' (Suzman, 1996). Regarding retirement policy, the internal struggle came to a head with the National Executive Committee (NEC) statement on pensions. This statement, drafted by an NEC which was still dominated by union votes (Ludlam and Taylor, 2003) deemed the restoration of the SERPS unaffordable and set out a commitment to developing an alternative approach.

This did not go down well with the 'traditional wing' which included policy veterans like Peter Townsend and Barbara Castle who had been architects of SERPS in the early 1970s, and members of the left-leaning Constituency Labour Party (CLP). The traditional wing insisted that the cuts made by the Tories to the SERPS should be restored (Castle and Townsend, 1996) and at the 1996 Labour party conference they moved against the NEC statement on pensions. In her speech to the party Baroness Castle noted the 'profound differences' between her position and those who supported the NEC statement on pensions, who were mounting a 'dangerous attack on the principles of the welfare state'. She called for 'the restoration of SERPS to its original role as the standard-setter for all private schemes' and insisted that the restoration of SERPS had been fully costed and was affordable (Labour Labour Party, 1996: 143).

Baroness Castle received prolonged applause, having voiced the feeling among the traditional wing that 'it is about priorities and political will. We should not just accept what the Tories have done' (Dave Lawrence, Poplar and Canning Town CLP. Labour Labour Party, 1996: 142). Yet Baroness Castle's spirited defence of the SERPS was defeated at the vote. The biggest unions were united in turning their backs on the idea of restoring the SERPS. The public sector union UNISON, the Transport and General Workers Union (TGWU), the Amalgamated Engineering Electrical Union, the Communication Workers Union and the Distributive and Allied Workers Union all moved to support the NEC statement on pensions. The union speeches had a pragmatic tone:

'The people of this country know what our ideals are, they support these ideals, but they know what is realistically possible. That is why Labour now promises only what it can deliver' (Distributive and Allied Worker Union) (Labour Labour Party, 1996: 145).

Harriet Harman, shadow secretary of state for social security, summed up the rationale behind the NEC statement on pensions:

'as we found out, and as the country found out to its cost in 1983, 1987 and 1992, all the promises in the world will be worth nothing if we threaten our own chances at the election' (Labour Labour Party, 1996: 152).

In this way, the traditional Social Democratic approach of a compulsory state earnings-related pension was decisively defeated at the 1996 Labour Party Conference (Taylor-Gooby and Larsen, 2004). By the time Labour came to power in the next general election, it had completely abandoned its commitment to restoring the state earnings related pension scheme. A Green Paper issued in December 1998 stated the party's intention to replace the SERPS by the Second State Pension (S2P) - a flat rate benefit to be built up by means of earnings related contributions. The S2P would increase benefits for low income earners while the majority of people would be motivated to contract-out into private pension schemes.

Unions had played a vital internal role in side-lining those members of the Labour party still committed to the pension policy promises of the 1980s, and they were aware both of their strategic influence in this matter, and of the radical break from the past that their policy u-turn represented. In the words of John Monks, the TUC General Secretary at the time, unions were 'vital in their traditional role of counter-balancing the increasingly vocal left-wing within the party' (Ludlam and Taylor, 2003). In fact, the policy stance displayed by the major unions at the Labour party conference in 1996 was part and parcel of a formal 're-launch' initiated by John Monks two years earlier to modernise the trade union movement. As part of this re-launch, union leaders had reassessed their insistence that the state provide replacement of accustomed earnings on retirement.

Crucial for this reassessment was that they began to believe that there was 'little chance of any drastic improvement in the value of the Basic State Pension or the existing State Earnings Related Pension' (Taylor, 1997). Occupational pension schemes were the best alternative way to provide for supplementary pensions

(Schulze and Moran, 2006b) and 'most employees would be better off building up their own pension pot rather than relying on the future vagaries of state pension benefits' (Pemberton, 2010). The concerns that had been voiced so forcefully in the 1980s about private pensions were pushed aside by the emerging belief that the state alternative no longer offered greater de-commodification and that political promises were no less risky than financial returns. The shift in policy emphasis from extending the SERPS to the extension of private occupational benefits was dubbed a 'revolution in welfare provision and modern trade union thinking' by Ken Jackson, the Secretary General of the Amalgamated Engineering and Electrical Union (Halligan and Martinson, 1998).

THE ISSUE OF COMPULSION

The TUC believed that if occupational pensions were to take on the role of the SERPS, they would have to be compulsory, with compulsory employer contributions (Trades Union Congress, 1998). The issue of compulsion was also raised by several other organisations during the same period. The Anson Inquiry, set up by the National Association of Pension Funds, recommended that SERPS should be phased out and that higher paid employees and their employers should be compelled to contribute to an occupational or personal pension, or to a new 'National Pension Scheme' (Cohen, 1996). Soon afterwards, the Institute of Directors (IoD) issued a report calling for 'compulsory pension saving' because 'inadequate private sector provision could eventually force the state to take on a greater burden than it currently plans' producing higher spending and taxes (Timmins, 1997). Finally, just before electoral defeat in 1997 the Conservative Social Security Secretary Peter Lilley proposed the privatisation of both the Basic State Pension and the SERPS. National Insurance contributions by employers and employees would remain at the same level, with a flat-rate rebate of £9 per week plus 5 per cent of eligible earnings paid from these into a nominated pension fund.

In calling for compulsory savings however, these organisations did 'not see the need for greater mandatory coverage'. The goal of the IoD was not to supplement the state pension, but to privatise it, a goal which was to be best achieved by letting it "wither on the vine" (Timmins, 1997). The Conservative party also adamantly opposed calls for any additional compulsory pension savings, on the ideological grounds that 'it does not think the state should tell people what is best for them' (Cohen, 1996), and the NAPF's proposal was aimed only at higher income earners and so actually entailed a reduction of mandatory coverage. In this way they differed crucially from the type of compulsion desired by the TUC, which required additional pension contributions rather than the privatisation of existing contributions to the state pension. Moreover, the TUC proposal was a call to increase employer responsibility in pension provision rather than increasing only individual savings.

Determined to shake off its image as the party of 'tax and spend', the Labour Party was reluctant to pursue such a policy. It feared that a compulsory levy imposed on top of National Insurance contributions would be presented by the Tories as an additional tax (Blitz and Smith, 1996). Reporting after the Labour Party Conference in 1996 Chris Smith, the shadow Social Security Secretary, said the party accepted the need for alternative second tier pensions, but that it had taken the "firm decision" not to make such schemes compulsory (Suzman, 1996). One year later, the Welfare Reform Green Paper was a 'clear signal' that although compulsion was the government's favoured option, Downing Street remained concerned that compulsory contributions could be portrayed as increases in taxation' (Martinson, 1998).

LABOUR INTRODUCES STAKEHOLDER PENSIONS AND PRESSURE FOR COMPULSION INTENSIFIES

As expected, the government stopped short of introducing mandatory employer contributions as part of their first pension reform. The Welfare Reform and Pensions Act of 1999 compelled those employers who did not offer an occupational scheme to offer a 'stakeholder' pension, but did not compel them to contribute. But stakeholder pensions did not restore levels of private saving and TUC pressure for compulsion mounted. By 2002 the TUC was pressing for employers to be compelled to contribute 10 per cent of salary to pension schemes, with workers compelled to join as a condition of employment (Timmins, 2002). In a memorandum submitted that year, the TUC summed up its argument:

'If the state is not going to pay for pensions from general taxation and individuals cannot save enough for themselves then employers will have to bear their share of the burden of retirement provision. The case for compulsory employer contributions to occupational pensions is compelling. It is the TUC's view that a statutory obligation should be imposed on employers to contribute to their worker's pensions- whether final salary, defined contribution or stakeholder' (2002: S3.6-S3.8)

The issue was salient. For the TGWU, pensions were 'the number one issue…the biggest item on the bargaining agenda' while according to engineering union Amicus 'the main battleground for the future in terms of industrial relations is not going to be pay any more but pensions' (Guha, 2002). As the government prepared for a reform of the regulatory regime for occupational pensions with no mention of the compulsory employer contributions that unions wanted, major unions like the General, Municipal, Boilermakers and Allied Trade Union (GMB), Amicus, and the TGWU warned that they would support strike action to stop companies from closing their final salary schemes (Guha, 2002).

In response to the increasing pressure, in 2002 the government set up a number of reviews, most notably the independent Pensions Commission whose remit it was 'to keep under review the regime for UK private pensions and long-term savings, and to make recommendations to the Secretary of State for Work and Pensions on whether there is a case for moving beyond the current voluntarist approach' (Pensions Commission, 2004: ix). However despite the mounting pressure and multiple inquiries, the government was still reluctant to embrace compulsion. Speaking at a conference organised by the CBI, the Work and Pensions secretary Andrew Smith called employer compulsion a policy of 'last resort'. He told the conference that there was already a fair degree of compulsory pension saving in the British system. Voluntary private pension provision, he insisted, was 'a strength of the British system' that he would 'very much like to build on' (Timmins, 2002).

Employers were relieved. John Cridland, the CBI's deputy director-general, announced that he was encouraged that Mr Smith was talking about 'refreshing the pensions partnership without raising the issue of compulsory employer contributions'. He added: 'Compulsory contributions are all about punishment. We need to encourage pension volunteers rather than conscript people to take part'

(Timmins, 2002). But insurers were starting to lose patience with the voluntarist status quo.

During the development of Labour's pension policies, both the ABI and the NAPF had expressed concern about levels of private pension saving and urged the government to act. By way of solutions, neither organisation had been in favour of increased compulsion but rather each had favoured polices that aimed to increase savings through reducing tax disincentives, simplifying private pension regulation, raising financial awareness of the need to save, and, as discussed in the previous narrative, reforming the state pension. However, the perceived failure of Stakeholder pensions to reverse the trends in private pension saving led to exasperation within the industry at the way the government was tinkering with the voluntarist framework and making it worse. For the ABI, compulsion emerged as a possible option. In its response to the Pensions Green Paper the ABI said: 'This is the last chance for voluntarism. We recommend that the Government introduces a package of employer-focused fiscal incentives to raise levels of pension saving. If it does not, compulsion must follow in short order' (Association of British Insurers, 2003). The NAPF, whose membership consists not only of pension industry actors but also of employer providers of occupational schemes, remained silent on the issue.

Meanwhile the TUC continued its campaign. Following the Pensions Commission's first report on the problems facing the UK pension system and the additional pension saving that was required on a national level (Pensions Commission, 2004), TUC General Secretary Brendan Barber wrote a letter to the Financial Times in which he stated: 'The Trades Union Congress believes it is extremely unlikely that further incentives would restore employer contribution levels to where they should have been, let alone help expand pensions saving to the level the Commission says is required' (Barber, 2004). Demands for mandatory employer contributions were made increasingly forcefully, in line with a more general tension which characterised the union-party relationship during Labour's second term (Ludlam and Taylor, 2003). As Brendan Barber put it 'employers will complain but all this says is that those who employ half of the workforce without a decent pension should catch up with the other half who do' (Hall, 2004).

Employers did complain. Although some employers who already provided occupational pensions would have welcomed compulsion on their competitors to do the same (Timmins, 2005b), employer representatives put on a fairly united front. The press reported that compulsory contributions were 'fiercely resisted by employers' who continued to insist that companies should contribute only if they can afford it (Brown, 2004). However, despite the employer opposition, increasing party-union tension prompted a significant change in the position of the government.

In 2004, a meeting in Warwick between affiliated unions and the Labour party helped form Labour's 2005 election manifesto. Alongside the more widely publicised promises on public sector pensions that were made to unions in this 'Warwick agreement', Labour also promised to legislate 'if necessary' to move beyond the voluntary occupational pension system (Adams and Turner, 2005). Publicly, the government warned that 'employers will be forced to contribute to occupational pension schemes unless many more companies start making voluntary payments on employees behalf' (Brown, 2004) and compulsion hung over employers as an imminent threat.

By 2005 compulsion to save for a pension was 'the greatest unanswered question behind Labour's pension policy for a third term' (Timmins, 2005b). Neither the Conservatives nor the Liberal Democrats favoured compulsion (Timmins, 2005b), and despite having announced the 'last chance for voluntarism' in 2003, even pension insurers were 'cool on the idea' (Timmins, 2005b). The ABI joined the NAPF in focusing on promoting ideas other than compulsion, such as the reduction of means-testing discussed in the previous narrative. The ABI was once again advocating a 'virtuous circle of voluntarism' and the message was clear – the emphasis should be on incentives and 'compulsion should only be considered as a last resort' (Association of British Insurers, 2005a: 3, Association of British Insurers, 2005b).

But union calls for compulsory employer contributions were given increased legitimacy when the Pensions Commission reported its findings in 2005. The private pension system, far from growing to fill the gaps left by the state, had actually been doing less. Voluntary private pension provision was in 'serious and probably irreversible decline' (Pensions Commission, 2005b), and 'incremental measures to encourage voluntary provision' were not sufficient to prevent the UK pension system from delivering 'increasingly inadequate and unequal results'. The Pension Commission recommended the creation of a low-cost, national funded pension savings scheme into which individuals would be automatically enrolled with the right to opt out, combined with a modest level of compulsory matching employer contributions. The report recognised that this would impose additional costs on employers but it considered employer compulsion 'an essential part of its reform package' (Pensions Commission, 2005b).

In 2006 the Government published its reform proposals in the form of two White Papers (DWP, 2006a, DWP, 2006b). These White Papers closely followed the proposals of the Pensions Commission, proposing automatic enrolment into either an employer scheme or a new personal account. Unless the employee actively opted-out, the employer would be required to make a contribution. A breakdown of consultation responses to the two White Papers shows most employers remained strongly against the idea of mandatory employer contributions until the end. Although some employer groups, including the Engineering Employers Federation (EEF), declared themselves supportive of the concept (Timmins, 2005a), most did not. Amongst those who continued to state their reluctance regarding the proposed mandatory employer contributions were the British Chamber of Commerce and the CBI. The CBI stated that it had:

> *'Consulted widely with members on whether to accept the Pensions Commission's recommendation that employers be compelled to contribute to pensions where an employee chooses not to opt-out of the new national savings scheme. Many CBI members, including the vast majority of smaller firms, continue to oppose the proposal, but we accept that the Government is committed to taking forward this policy.' (DWP, 2006d: 37).*

The Federation of Small Businesses was even more vocal in its opposition:

> *'The administrative impact on small employers cannot be emphasised enough… the most significant burden for a small employer will be the time needed to learn about personal accounts and how it will impact on his or her business specifically… while we accept the political reality of compulsion, we still do not support compulsory employer contributions. However, given the current debate our main focus is to ensure that the implementation is as simple as possible (Work and Pensions Committee, Personal Accounts, 21 March 2007, HC 200-II, 2006-07, Ev 100).*

Representatives of the pension industry however had accepted mandatory employer contributions *(DWP, 2007: 8).* Indeed, following the publication of the Pensions Commission report, several rival options to the low cost national funding saving scheme had emerged, amongst which were alternatives proposed by the NAPF and the ABI featuring compulsory employer contributions (Association of British Insurers, 2006). The eventual endorsement of employer compulsion by pension industry representatives was enough to get the Conservative party to support the proposals when they were brought before parliament in the form of the 2008 Pensions Act, despite the employer opposition. The shadow Work and Pensions Secretary Philip Hammond said that 'after thinking long and hard' the Conservatives had taken the decision to support the proposals to automatically enrol employees into the scheme and the compulsory employer contribution (HC Deb, 16 January 2007, c671). Debate was confined to concerns of implementation (HC Deb, 16 January 2007, c680). The TUC was jubilant:

> *'Every employer will now have to make pensions contributions. This remains a historic advance for union campaigning – a minimum pension to go alongside the minimum wage' (TUC 'Good and Bad in Pensions Review' 27th Oct 2010).*

UNIVERSALISING REFORM IN THE ABSENCE OF A SIGNIFICANT EARNINGS-RELATED PENSION

The regulatory extension of private pension coverage in the UK emerged from the QCA as typical of universalising reforms introduced by strong left governments. The preceding narrative shows how a left-of-centre party came to expand the coverage of private pensions through the introduction of mandatory employer contributions. Although union influence in policymaking is usually considered limited in modern British pension politics, the narrative shows that unions shaped the development of private pension universalism at two critical stages.

First, in 1996 unions played a vital role in side-lining traditionalists within the Labour Party still committed to a state solution for earnings-replacement in old age. In this way they helped shape the New Labour consensus that earnings replacement should be provided through private means. Second, as the one big group firmly in favour of mandatory employer contributions, unions singlehandedly put employer compulsion on the political agenda, and their continued pressure made possible the increase in private pension universalism in 2008.

The narrative also shows the importance of pension structure in explaining the reforms. In particular, it shows the importance of the absence of an earnings-related state pension in bringing about the regulatory extension of private pension coverage. As expected, trade unions in the UK began to push for broader private pension coverage in response to the decline of the earnings-related state pension, and only when they no longer perceived a reversal of this decline to be politically feasible.

Conclusions

The three case outlines in this chapter were carefully chosen to uncover the causal logic behind patterns identified in the Qualitative Comparative Analysis, and create a substantial explanation of why universalising reforms happened when and where they did.

Australia was chosen as a typical case of universalising reform to the state pension, to shed light on why the prevalence of targeting and the absence of a left government are associated with reform. The second narrative focused on the UK, which had emerged from the QCA as a deviant case of universalising reforms to the state pension introduced by a left government. It reinforced the importance of non-left party preferences for the introduction of universalising reform to the state pension, and indicated how key policy preferences might change in response to the declining significance of the earnings-related state pension. The final narrative focused on the UK's private pensions, as a typical case of how the absence of a significant earnings-related state pension can lead to the extension of private pension coverage under a strong left government. In light of the theoretical expectation that union preferences are the causal link between the absence of a significant earnings-related pension and regulatory reform, the UK can also be seen as a least-likely case, since union influence in policymaking is usually understood to be limited.

The country cases make explicit how the institutional conditions identified in the Qualitative Comparative Analyses affect the policy preferences of key interest groups. The prevalence of means testing affects the policy preferences of pension industry representatives. In both Australia and the UK the prevalence of mean-testing meant that representatives of the pension industry, who felt first-hand the disincentive effect such arrangements had on private savings, developed a keen interest in universalising reforms to the state pension. The presence of a significant earnings-related state pension seems to be relevant in explaining both industry and union preferences. The narratives suggest that as a result of the erosion of the earnings-related state pension in the UK, the regulatory extension of private pension coverage became salient for trade unions, and, more tentatively, the disincentive effect of means-testing became salient for representatives of the pension industry.

In turn, my country cases suggest that the policy preferences of interest groups are important because they shape the policy preferences of political parties. In both Australia and the UK, the pension industry representatives influenced right-of-centre parties to pursue universalising reform of the state pension, while trade unions influenced left-of-centre parties to introduce regulation extending private pension coverage. Yet the narratives presented do not suggest that party preferences were a simple response to the lobbying of the interest groups that they were close to or trying to court. 'Hard' union influence in policymaking was low in the UK during the years in question, and while the British Conservative party historically had a very close relationship with the pension industry, in Australia the superannuation industry was much more closely tied with the Labour party. In both countries, employer ambivalence regarding universalising reform of the state pension was side-lined by right-of-centre governments, and employer opposition to compulsory private pension contributions in the UK was ignored by a Labour party otherwise keen to gain business group support.

In both Australia and the UK therefore it was not the preferences of narrow interest groups that were catered for by the introduction of universalising reforms, but rather the preferences of the broader electorate. In both countries, the narratives show that left-of-centre governments were primarily concerned with proving their fiscal rectitude to the electorate. They targeted state benefits more tightly on the needy, and supplemented targeted state provision with the regulatory extension of private pensions. By contrast, right-of-centre governments in both countries had built up sufficiently strong reputations for economic management to be able to propose fiscally costly universalising reforms that benefited those who had saved privately for retirement and whose state pension entitlements were reduced as a result.

The country cases suggest that the role of interest groups in bringing about universalising reform lies in how they shaped the electoral strategies of political parties. As such, both unions and pension industry representatives played a subtle and far-reaching causal role. In 1996, when unions side-lined traditionalists within the Labour Party, they side-lined the idea that earnings-replacement in old age needed to be publicly provided, and helped create the New Labour consensus that earnings replacement should be provided through private means. This was a very significant shift in the Labour Party's pension policy. What the unions had drawn attention to in the defining Labour Party conference of 1996 was the importance of proving to the electorate in the upcoming general elections that Labour would exercise fiscal restraint, starting in a very public way with their flagship pensions policy.

Similarly, representatives of the pension industry shaped the policy preferences of right-of-centre parties in Australia and the UK by drawing public attention to the detrimental effects of means-testing in incentives to save. While in the UK the industry's discourse focused on the irrationality of a system that penalised people for saving, In Australia it focused on the issue of low national savings. In both cases, right-of-centre parties were able to promote popular universalising policies whilst emphasising a discourse which, although though familiar to them, had until then been in the shadow of the discourse of low state spending.

The account that emerges from my analysis is thus a rather interest based one. In a nutshell, my analysis suggests that at the root of universalising reforms lie the office-seeking interests of political parties. These interests are indirectly shaped by the policy preferences of organised interest groups, which in turn reflect the institutional structure of the pension system. In particular, unions and representatives of the pension industry influence the electoral strategies of political parties by using their expertise to identify develop and communicate policy proposals that are then adopted by parties as being in their electoral interest.

CHAPTER SEVEN

CONCLUSIONS

The starting point of this research was the observation that while some market-heavy pension systems remain dualised in the post-industrial context, others have become more universal, either through changes to the structure of the state pension or through regulation to extend the coverage of private pensions. This observation, which was substantiated using the database of reforms I constructed in chapter two, was rather unexpected. Market-heavy pension systems, in which low or moderate state benefits are topped up by private welfare arrangements, have long been expected not only to create dualisms, but also to fuel patterns of politics that perpetuate and increase such dualisms over time.

I therefore set out to explain the introduction of universalising reform in some market-heavy systems, as well as the absence of such reform in others. A synthesis of insights from the diverse literature presented in chapter three provided an initial set of theoretical propositions. Taken together, these propositions pointed towards an explanation that was causally rather complex. To verify and develop this explanation I modelled my empirical analysis in terms of set-relations using fuzzy-set QCA which is capable of dealing with both equifinality and conjunctural causation. Since I expected that universalising reform through the extension of state pensions and universalising reform through the extension of private pensions would mobilize political actors in different ways, I conducted two separate analyses, mapping the combinations of conditions under which public and private pensions have become more universal since the 1980s in turn. I complemented these Qualitative Comparative Analyses with country cases linking institutional conditions to the reform outcomes via the policy preferences of key political actors. The case narratives provide a causal logic that substantiates and reinforces the results of the fsQCA.

In this final chapter I summarize the explanation I have developed, referring back to the propositions that formed the starting point of the Qualitative Comparative Analysis in chapters four and five. I also discuss the theoretical contributions of this research under three headings; the role of institutions, the role of political parties, and the role of organized interests. I finish with some reflections on the main limitations of the thesis and future directions for research.

7.1 Summarising the thesis

The first proposition presented in chapter three concerned the introduction of regulatory change to make private pensions more universal. It stated that:

'Regulatory change to make private pensions more universal is the result of union demands for the extension of private pension coverage in the absence of a significant earnings-related state pension. Where there is no institutional capacity for collective self-regulation, union demands for more universal private pensions are addressed when either a) a strong left government is in power, or b) a non-left government seeks to pass cost-cutting reforms in a fragmented political system.'

I find strong empirical support for this initial proposition. The Qualitative Comparative Analysis in chapter five shows three 'paths' to the extension of private pension coverage, each characterised by the absence of a significant earnings-related pension. Of the two paths where the institutional capacity for collective self-regulation is weak, the first is additionally characterised by a strong left government, and the second by a non-left government, political fragmentation and the presence of cost-cutting reforms. The narrative of the UK, as a typical case of the first path, links the absence of a significant earnings-related state pension to union preferences for more universal private pensions. In addition, it links union preferences to the policy outcome, in a context where union influence on policymaking is weak.

The second proposition concerned the introduction of reforms that make public pensions more universal. It stated that:

‘Reforms that make the public pension more universal stem from the prevalence of means-testing. They occur under right-of-centre governments as a result of either a) a mismatch between means testing and a contributory system with restricted coverage (because those insured under the status quo could benefit from universalising reform) or b) a mismatch between the prevalence of means-testing and the prevalence of private pensions (because those who save privately for retirement and find their eligibility for state benefits reduced under the status quo could benefit from universalising reform).’

I find strong empirical support for this proposition too. Ireland emerges from the QCA in chapter four as exceptional for being characterised by a mismatch between targeting and a contributory system with restricted coverage. Outside Ireland, every reform that made the state pension more universal had at its root a mismatch between a reliance on private pensions and a reliance on targeting. And in all cases except the UK, this mismatch led to reform only in the presence of a non-left government. Yet the QCA also shows that the proposition is incomplete. The mismatch between private pensions and targeting only led to universalising reform when combined with the absence of a significant earnings-related pension and a low rate of national savings.

The narratives of Australia and the UK, as typical and deviant cases respectively, link these conditions to the reform outcomes. The UK case links the absence of a significant earnings-related state pension to pension industry preferences for a more universal state pension, and shows how these preferences affected the reform outcome via their effect on the policy preferences of the Conservative party. The Australian case links the national savings rate to the policy preferences of the Coalition government, showing how it was used to justify the Coalition government’s shift away from the fiscal imperative.

In sum therefore, the empirical analysis has supported the initial propositions that I formulated by synthesising the insights of a rich and disparate literature. It has also gone further, indicating that additional conditions are relevant in explaining public pension reform and elaborating on the causal logics at work. In the next section, I zoom in on striking elements of these causal logics, referring back to the comparative social policy literature to spell out the contributions of this research to ongoing theoretical debates.

7.2 CONTRIBUTIONS AND IMPLICATIONS

THE ROLE OF INSTITUTIONS

My research has shown that in certain circumstances, the very institutional features usually expected to lead to further dualisation, namely a reliance on market-based arrangements, prevalent targeting, and limited earnings replacement, contribute instead to bringing about universalising reforms. This finding is a small but significant contribution to current institutionalist understandings of path-dependent welfare state change. In particular, it speaks to two established institutionalist arguments, the first concerning the path of the 'latecomers' and the second concerning the 'paradox of redistribution'.

Rethinking the path of the' latecomers'

The presence or absence of a significant earnings-related state pension is a matter which has received quite some attention in comparative pension politics. According to the comparative literature, it was the failure of the so-called 'latecomers' to build a significant earnings-related pension either during the 'first critical juncture' of pension evolution around the time of the First World War, or during the 'second critical juncture' after the Second World War and until 1980 that explains much of their subsequent development. In these 'latecomers', the market is crowded in, leading to the classic and self-perpetuating dualism of retirement income between those with access to private provision and those who rely solely on the state pension (Ebbinghaus, 48-50; Myles and Pierson, 315-318).

Yet my research suggests that the absence of a significant earnings-related state pension contributes to bringing about universalising change. First, the results of the Qualitative Comparative Analysis in chapter four show that the absence of a significant earnings-related pension is associated with universalising reform to the *state* pension. Second, the results of the Qualitative Comparative Analysis in chapter five show that the absence of a significant earnings-related pension is also associated with the extension of *private* pension coverage. I therefore draw attention to how the absence of a significant earnings-related state pension continues to shape the development of the latecomers, shedding light on a 'distinctive political dynamic' that has on the whole been insufficiently understood to date (Myles and Pierson: 317).

Rethinking the 'paradox of redistribution'

The reliance of a pension system on the market for the provision of retirement income, and the prevalence of targeted welfare arrangements, have also long been associated with dualisation rather than universalising change. By leaving the middle classes to safeguard their accustomed standards of living in old age through private insurance, public pensions in market-heavy systems tend to become a concern primarily for those on low incomes, and are not expected to generate the cross-class coalitions necessary for their preservation, let alone their extension. This is the classic explanation for the evolution of 'basic social security' pensions which provide a low level of entitlements without a significant earnings-related state tier (Korpi and Palme, 1998). The expectation of pension dualism is even more pronounced for 'targeted' pension systems where eligibility to a low level of benefits is based on need, due to the additional effect of Rothstein's 'moral logic' (Rothstein, 1998). It is the paradox of redistribution that such benefit arrangements are likely to facilitate retrenchment over time (Korpi and Palme, 1998).

My research shows that the combination of prevalent targeting and a reliance on private pensions can generate pressure for reforms that make the state pension more universal. Indeed, my analysis suggests that with the partial exception of Ireland, every universalising reform of the state pension had at its root the mismatch between a reliance on private pensions and a reliance on targeting. By spelling out the conditions under which this mismatch leads to universalising reform, I develop a more nuanced understanding of how the increasingly prevalent institutional patterns of targeting and private provision interact and shape pension politics. As such, this research adds weight to recent work questioning the continued relevance of the 'paradox of redistribution' (Kenworthy, 2011, Marx et al., 2013).

The role of interest groups

The institutional conditions of prevalent means testing, market reliance and the absence of a significant earnings-related state pension are important for explaining universalising reforms because they structure the policy preferences of key political actors. My country cases suggest that two types of interest group are of importance for explaining universalising reforms in market-heavy pension systems, namely trade unions and representatives of the pension industry.

Unions are central to bringing about universalising change to *private* pensions through regulatory means. Taking the UK as a typical case of the extension of private pension coverage, I show how the absence of a significant earnings-related state pension can lead to union demands for more universal private pensions. As the discussion of the literature makes clear, the idea that unions have second-order preferences for regulated private welfare is not new (Hacker, 2002, Meyer and Bridgen, 2012: 390, Bonoli, 2006). My contribution lies in showing that these preferences matter, even in the absence of the institutional capacity for collective self-regulation and even where union influence in policymaking is generally weak. The narrative of the process leading up to the 2008 Pensions Act shows how unions in the UK shaped the New Labour consensus that earnings replacement should be provided through private means, and put employer compulsion on the political agenda.

Pension industry representatives emerge from the cases of both UK and Australia as key actors in bringing about reforms that make *public* pensions more universal. In both countries, the prevalence of means-testing meant that representatives of the pension industry developed an interest in universalising reforms that could reduce disincentives to save for retirement. The idea that pension insurers might care about savings disincentives caused by means-testing is not altogether new (Meyer and Bridgen, 2012). It was however by no means obvious that concerns about means-testing would be so widespread among pension industry representatives, nor that these concerns would play such a key role in bringing about universalising reforms.

By contrast, I found employers to be at best reluctant consenters to universalising change. They were in favour neither of the mandatory employer contributions suggested by trade unions, nor of the universalising expansion of state pensions to the extent suggested by pension industry representatives. These policy preferences are not unexpected (Korpi, 2006: 183, 202). Even among those who challenge the assumption of employer hostility to welfare state expansion, there is no expectation that employers should support the development of citizenship or residence based benefits which de-commodify labour and erode employer control (Mares, 2001, Estevez-Abe et al., 2001).

What is striking is not so much the reluctance of employer representatives regarding universalising reform in the cases under study, but rather their lack of influence. In both Australia and the UK, employer ambivalence regarding universalising reform of the state pension was side-lined by right-of-centre governments, and in the UK employer opposition to compulsory private pension contributions was ignored by a Labour party that was otherwise keen to gain business group support. The scant relevance of employers in explaining patterns of universalising reform is rather unexpected in light of employer-centred accounts of the development of social policy (Swenson, 1991, Mares, 2001, Estevez-Abe et al., 2001, Hall and Soskice, 2001) and the oft-cited employer bias in the policymaking process of many market-heavy pension systems (Immergut et al., 2006).

The influence of each of these three key interest groups in bringing about or halting universalising reform can be understood in light of the causal explanations that I develop in chapter six. The country cases show that universalising changes were introduced primarily with the preferences of the electorate rather that the preferences of narrow interest groups in mind. In both Australia and the UK, unions and representatives of the pension industry did not succeed in the introduction of universalising reforms by lobbying. Rather they achieved their aims because they influenced the electoral strategies of political parties, using their expertise to identify, develop and communicate policies that were then adopted by parties as being in their electoral interest. In this way, interest groups played a more subtle yet far-reaching causal role than is usually acknowledged by the welfare state literature, which has richly theorised interest group preferences but paid much less attention to how these preferences affect the policymaking process.

THE ROLE OF PARTIES

The findings of this research call into question the diminished attention that has been paid to the role of political parties as social policy actors in recent years on the basis that globalization, deindustrialisation and the maturing of existing welfare arrangements have increasingly narrowed partisan differences (Pierson, 2001, Castles, 2001b, Huber and Stephens, 2001). My analysis reveals systematic relationships between political parties and universalising reforms in market-heavy pension systems. Yet, these relationships stand in stark contrast to the core messages of Power Resource Theory, (Korpi, 1983, Esping-Andersen, 1990, Stephens, 1979) according to which universalism through the expansion of the state pension has been driven historically by the political left while the political right is associated with means-testing and the dualising expansion of voluntary private arrangements.

My research shows that union demands for the extension of private pensions as a second-best alternative to a significant earnings-related state pension may be met by a strong left government, as well as by a non-left government seeking to pass cost-cutting reform as part of a modernizing compromise in a fragmented political setting. As regards universalising reforms to the state pension, I found that they are driven by non-left governments. Thus on the whole, the universalising expansion of private pensions has often been driven by left-or-centre parties, while the universalising expansion of state pensions has been driven by non-left parties.

This pattern can be explained by the 'Nixon goes to China' logic that reputation matters. In chapter three I indicated how this logic could be expected to apply not only to situations of retrenchment, but also to instances of expansion. My analysis lends support to this proposition. In both Australia and the UK, left-of-centre parties were primarily concerned with proving their fiscal rectitude to the electorate. They targeted state benefits more tightly on the needy, and supplemented targeted state provision with the regulatory extension of private pensions. By contrast, right-of-centre parties in both countries had built up strong reputations for macro-economic management. This means they were able to propose fiscally costly yet electorally popular universalising reforms that benefited those who had saved privately for retirement and whose eligibility to state pension entitlements were to be reduced as a result.

7.3 LIMITATIONS AND FURTHER RESEARCH

One of the contributions of this research is the data that I have collected. My research question was based on a detailed database of reforms introduced in market-heavy pension systems between 1980 and 2009, which I created by drawing on a plethora of primary and secondary sources. This dataset enabled me to identify universalising reforms, assess their significance, and place them within broader national reform contexts. During my empirical analysis, I synthesised a variety of indicators from existing data sets, and drew on a large number of primary sources to create in-depth narratives of my selected country cases. I also systematically collected a large amount of primary data during the course of my Qualitative Comparative Analyses, notably on the prevalence of means-testing and the significance of earnings-related state pensions. These institutional features have long been identified by the literature as important for the development of pension systems, yet to my knowledge this is the first time anyone has systematically collected data about them.

The collection of detailed data enabled me to capture reform trends and to develop explanations for them, and will hopefully prove useful for further comparative research in the future. However, the data available from primary sources at the country level was sometimes not uniformly available, and often not directly comparable. Moreover, although using the QCA approach I gained a great deal of familiarity with all of my cases, inevitably some countries, notably Australia and the UK, were explored at a finer level of granularity than others. This is a limitation of which I have been aware throughout the research process. The construction of better quality data would require time and financial resources that are not pragmatically possible within the constraints of a PhD.

A further limitation of my research relates to my case selection. In this thesis I have presented country cases to substantiate two of the causal 'logics' that are identified in my Qualitative Comparative Analysis. The first causal logic refers to the way that a mismatch between prevalent private pensions and targeting generates political dynamics can lead to universalising reforms to the state pension. As explained above, my analysis suggests that this logic offers a comprehensive explanation of the observed reform patterns in the state pensions of market heavy systems, with the sole exception of the Irish case. The second causal logic refers to how, in the absence of high union density, union demands for the extension of private pension coverage can be met under a strong left government. My analysis suggests that this logic explains the regulatory reforms that made private pensions more universal in the UK, New Zealand, and Australia.

However, the QCA shows that the top-down regulatory reforms that occurred in Switzerland in 1982, 1997 and 2003, and in the Netherlands in 1994 were the result of a different causal path, characterised by the combination of a low earnings-related pension, high political fragmentation, cost-cutting reforms, a non-left government and the absence of high union density. In light of the theoretical discussion in chapter three, I interpreted this combination of conditions as evidence that union demands for the extension of private pension coverage may also be met in the absence of a strong left government, as part of modernizing compromises in a fragmented political system.

I did not present a case narrative to further explore this third causal path. There are a number of reasons for this. First and foremost, it was a matter of time. Given the limited timeframe of the PhD, I chose to focus on substantiating the reform path that covers the UK, New Zealand, and Australia because these countries constitute some of the most unlikely contexts for reforms away from employer voluntarism, because they have received the least academic attention, and because of pragmatic language considerations. Nevertheless, it is a limitation of this thesis that substantiating the causal path of 'modernising compromises' with a case outline remains a matter for further research.

I would like to end on what I consider to be a promising avenue for further research. The explanation developed in this thesis cannot be directly generalised to other policy areas. It is part of the epistemology behind the QCA approach that causal explanations are context-specific. They can be generalised only with care, and to contexts that are similar in causally relevant ways. The institutional context of the reforms examined in this thesis is largely specific to market-heavy pension systems. Nevertheless, my research has shown that political parties, interest groups and welfare state institutions can influence the development of social policy in unexpected ways.

It might therefore be fruitful for further research to examine the extent to which other policy areas such as healthcare, family policy and unemployment benefits have become more dualised or more universal over time, and the extent to which they have been affected by logics of change similar to those identified here. In particular, at a time when the private provision and targeting of social benefits are prominent in both academic and policy discourse, it would be interesting to ask the following two questions. First, to what extent does the prevalence of targeting in other policy areas have disincentive effects that generate political demands for more universal benefits, and second, whether the regulatory extension of private benefits in other policy areas is driven by political dynamics that are similar to those identified in this thesis.

Appendix A: Pension expenditure

Table 22. Public and Private expenditure on pensions, as a % of GDP, all OECD countries

OECD Pensions at a Glance 2013				*OECD Factbook 2013*			
Country	2005	Country	2009	Country	2005	Country	2009
		Iceland	2.13	Iceland	1.70	Iceland	3.76
Iceland	1.42	***Netherlands***	***1.10***	***Australia***	***1.12***	***Australia***	***1.31***
Netherlands	***1.06***	***Switzerland***	***0.92***	***Switzerland***	***0.78***	***Netherlands***	***0.76***
Canada	***1.03***	***Canada***	***0.81***	***Netherlands***	***0.70***	***Denmark***	***0.70***
Switzerland	***0.89***	***United Kingdom***	***0.74***	***Denmark***	***0.63***	***Canada***	***0.60***
United Kingdom	***0.86***	***Australia***	***0.59***	***United Kingdom***	***0.54***	Korea	0.52
United States	***0.63***	***United States***	***0.57***	Korea	0.53	***United Kingdom***	***0.52***
Australia	***0.56***	***Denmark***	***0.40***	***Canada***	***0.49***	***United States***	***0.43***
Denmark	***0.41***	Chile	0.38	***United States***	***0.48***	***New Zealand***	***0.40***
Sweden	0.28	Japan	0.30	Israel	0.33	Chile	0.37
Ireland	***0.25***	Sweden	0.30	***New Zealand***	***0.30***	Israel	0.34
Chile	0.22	***Ireland***	***0.21***	Norway	0.29	Belgium	0.33
OECD	**0.21**	**OECD**	**0.21**	**OECD**	**0.24**	**OECD**	**0.28**
Belgium	0.17	Belgium	0.14	Belgium	0.14	Mexico	0.23
Norway	0.12	Norway	0.12	Sweden	0.13	Sweden	0.16
Italy	0.10	Italy	0.10	Portugal	0.09	Portugal	0.08
Luxembourg	0.08	Germany	0.08	Mexico	0.08	Finland	0.07
Germany	0.07	Luxembourg	0.07	Spain	0.06	Spain	0.06
Slovak Republic	0.07	Czech Republic	0.06	Hungary	0.02	Czech Republic	0.05
Portugal	0.06	Austria	0.05	Austria	0.02	France	0.03
Austria	0.04	Portugal	0.04	Italy	0.01	Germany	0.03
Greece	0.04	Slovak Republic	0.04	Luxembourg	0.01	Hungary	0.02
Czech Republic	0.04	Greece	0.03	Germany	0.01	Austria	0.01
Finland	0.03	Finland	0.03	Poland	0.00	Turkey	0.01

France	0.03	France	0.02	Turkey	0.00	Italy	0.01
Korea	0.00	Korea	0.00			Luxembourg	0.01
						Estonia	0.00
						Greece	0.00
						Poland	0.00
						Slovenia	0.00

Missing data: *OECD Factbook 2013* has missing data for Chile 2005; Czech Republic 2005; Estonia 2005; Finland 2005; France 2005; Greece 2005; Ireland 2005, 2009; Japan 2005, 2009; Norway 2009; Slovak Republic 2005, 2009; Slovenia 2005; Switzerland 2009. *OECD Pensions at a Glance 2013* has missing data for Estonia 2005, 2009; Hungary 2005, 2009; Israel 2005, 2009; Japan 2005; Mexico 2005, 2009; New Zealand 2005, 2009; Poland 2005, 2009; Slovenia 2005, 2009; Spain 2005, 2009; Turkey 2005, 2009.

APPENDIX B: CODEBOOK

BEN_GEN

These are reforms that alter the generosity of the state pension by altering the benefit calculation formula. Reforms that increase the pension benefit received for a given contribution history are coded 1. Reforms that decrease the pension benefit received for a given contribution history are coded -1.

BEN_FLAT

These are reforms that alter the actuarialism of the state pension by altering the benefit calculation formula. Reforms that make benefits correspond more closely to individual contributions or employment-history are coded -1. Reforms that loosen the relationship between contributions and benefits are coded 1.

BEN_INDEX

Changes to the indexation of state pension benefits. A full move from price to wage indexation is coded 2. Changes to indexation arrangements that are expected to increase the value of benefits but fall short of a full move from price to wage indexation are coded 1. A full move from wage to price indexation is coded -2. Changes to indexation arrangements that are expected to decrease the value of benefits but fall short of a full move from wage to price indexation are coded -1.

BEN_CONT

Reforms that alter the contributions required for receipt of a state pension. These include both contributions required for eligibility to the full state pension, and contributions required for eligibility to a minimum state pension. Reforms that increase the contributions required are coded -1. Reforms that decrease the contributions required are coded 1.

BEN_CRED

These are reforms that allow individuals to build up state pension entitlements during periods out of the labour market. Reforms that offer credits for periods out of the labour market are coded 1.

BEN_COV

Reforms that extend the coverage of the state pension to individuals previously uncovered are coded 1. Reforms that take away state pension eligibility from previously covered people are coded -1.

MEANS_GEN

These are reforms that increase the generosity of means tested pension benefits. Reforms that increase the generosity of these benefits are coded 1. Reforms that decrease the generosity of these benefits are coded -1.

MEANS_ELIG

These are reforms that alter eligibility to means-tested pension benefits. Reforms that tighten the means test such that benefits are withdrawn at a lower income or asset threshold, or are withdrawn at an increased rate, are coded -1. Reforms that loosen the means test such that benefits are withdrawn at a higher income or asset threshold, or are withdrawn at a lower rate, are coded 1.

MEANS_COV

These are reforms that set the coverage of the means test. Reforms that exclude certain categories of people from claiming means tested benefits are coded -1. Reforms that extend the means test to categories of people hitherto uncovered are coded 1.

RET_AGE

Reforms that increase the statutory retirement age are coded 1. Reforms that decrease the statutory retirement age are coded -1.

RET_INCENT

Reforms that encourage later retirement are coded 1.

ACTIVATION

Reforms to encourage work by those above official retirement age are coded 1.

REG_COV

These are regulatory reforms to increase the coverage of private pensions. Reforms that aim to increase coverage of private pensions by getting rid of regulatory barriers are coded -1. Reforms that aim to increase coverage of private pensions by mandating that employers provide access to an occupational pension, introducing auto-enrolment whereby employees are enrolled by default into an occupational pension scheme until they actively opt-out, or mandating that employers and/or employees make contributions to an occupational pension scheme are coded 1.

REG_DB

Reforms that incentivise DB plans are coded 1, reforms that incentivise other plans, or disincentivise DB plans, are coded -1.

REG_SEC

Regulatory reforms that increase the security of private pensions are coded 1. Reforms that decrease the security of private pensions are coded -1.

REG_BEN

These are legislative changes to the calculation of private pension benefits which alter the level of benefits. Reforms that reduce these benefits are coded -1. Reforms that increase these benefits are coded 1.

TAX_SUB

These are reforms to spending on regressive tax subsidies for private pensions. An increase spending on regressive tax subsidies for private pensions is coded 1. A decrease is coded -1.

TAX_INCENT

These are reforms to increase the incentive to save for retirement that are fiscally neutral. Reforms that increase the incentive to cave are coded 1. Reforms that decrease the incentive to save are coded -1.

TARGET_SUB

These are reforms to spending on targeted tax subsidies for private pensions. An increase spending on targeted tax subsidies for private pensions is coded 1. A decrease is coded -1.

TARGET_INCENT

These are *targeted* reforms to increase the incentive to save for retirement that are fiscally neutral. Targeted reforms that increase the incentive to cave are coded 1. Reforms that decrease the incentive to save are coded -1.

TAX_AFFLUENCE

Reforms that introduce any affluence test or claw-back of pension benefits are coded 1. Thereafter any reforms that increase or decrease the scope of the affluence test or claw-back are coded 1 or -1 respectively.

FIN_FUND

Reforms that establish a funded element to the PAYG state pension are coded 1.

FIN_CONT

Reforms that increase the contribution rate are coded 1. Reforms that decrease the contribution rate are coded -1.

PUB_FRAG

Reforms that increase the number of occupationally distinct public pension schemes are coded 1. Reforms that reduce the number of occupationally distinct pension schemes are coded -1.

PUB_SPEND

Reforms that increase expenditure on pensions to government employees as a percentage of GDP are coded 1, reforms that decrease expenditure on pensions to government employees as a percentage of GDP are coded -1.

GEND_EQU

Reforms that move towards the equal treatment of men and women are coded 1.

APPENDIX C: MAJOR PENSION REFORMS IN MARKET-HEAVY PENSION SYSTEMS SINCE 1980

AUSTRALIA

Date	*Reform*	*Changes introduced*	*Coding of changes*
1983	Social Security and Repatriation Legislation Amendment Act 1983 no. 36	Reduced the tax advantage of lump sum superannuation payments Tightened income testing of pensions for those aged 70 years and over	TAX_SUB (-1) TAX_INCENT (-1) MEANS_ELIG (-1)
1984	Social Security and Repatriation (Budget Measures and Assets Test) Act 1984 no. 93	Assets test re-introduced and either income or assets test to be applied depending on which test gives lower pension level	MEANS_ELIG (-1)
1988	May 1988 Economic statement: Reform of the Taxation of Superannuation	Superannuation tax arrangements restructured to bring forward the receipt of tax revenue Taxes on lump sums reduced, except when taken prior to retirement Introduced an annuity rebate of 15% Introduced a 15% tax on superannuation fund earnings, which had previously been exempt	TAX_SUB (-1) TAX_INCENT (+1)

1992	Superannuation Guarantee (Administration) Act	Introduced the Superannuation Guarantee	REG_COV (+1)
1992	Taxation Laws Amendment (Superannuation) Act 1992	Tax concessions for contributions made by employees replaced by an income-tested rebate of ten per cent for the first A$1000 of contributions for low-income earners	TARGET_INCENT (+1)
1994	Social Security Legislation Amendment Act 1994 no. 109	Raised pension age for women to 65	RET_AGE (+1)
1997	Taxation Laws Amendment Act 1997	Introduced the Superannuation Surcharge, a temporary tax on the superannuation of higher income earners	TAX_SUB (-1)
1998	Social Security And Veterans Affairs Legislation Amendment (Pension Bonus Scheme) Act 1998	Introduced the Pension Bonus Scheme	RET_INCENT (+1)
2000	Budget	Reduced the asset and income taper test rates from 50% to 40%. Increased the income and asset test 'free' areas by 2.5% Increased the Age Pension by 4%	MEANS_ELIG (+1)
2003	Superannuation (Government co-contribution for Low Income Earners) Act	Further extended superannuation co-contributions for low-income employees to incentivise them to make personal superannuation	TARGET_SUB (+1) TARGET_INCENT (+1)

		contributions Government to provide A$1.50 for each dollar invested into a superannuation fund by low-income individuals	
2005	Superannuation Laws Amendment (Abolition of Surcharge) Act 2005	Superannuation surcharge abolished	TAX_SUB (+1)
2007	Tax Laws Amendment (Simplified Superannuation) Act 2007	Halved the assets test taper rate Raised the assets test threshold from $343,750 to $529,250	MEANS_ELIG (+1)

CANADA

Date	*Reform*	*Changes introduced*	*Coding of changes*
1987		Contribution rates to the CPP to be increased annually by 0.1% of covered earnings from 1987-1991	FIN_CONT (+1)
1989	Budget	Introduced the OAS 'clawback' from high income pensioners	TAX_AFFLUENCE (+1)
1991	Bill C-52 An Act to Amend the Income Tax Act and Related Acts	Equalized tax advantages for RPPs RRSPs and DPSPs (this put DB schemes on equal footing with other types of plan which were previously disadvantaged)	TAX_SUB (+1) TAX_INCENT (+1) REG_DB (-1)
1992		Contribution rates to the CPP to be increased annually by 0.1% of covered earnings from 1992-1996	FIN_CONT (+1)
1996	Budget	Limit on benefits from DB plans for which tax assistance applies frozen until 2004	TAX_SUB (-1) TAX_INCENT (-1)

			REG_DB (-1)
1997		Increased contributions rates to the CPP from 5.6% to 9.9% by 2003, thereafter contributions to remain steady Pensions to be calculated on the 5-year average of the Year's Maximum Pensionable Earnings instead of the 3-year average. The Year's Basic Exemption (the first 3,500CAD of earnings in any year on which no contributions are paid) was frozen - no longer indexed to growth in the CPI	BEN_GEN (-1) BEN_FLAT (-1) FIN_CONT (+1)
2005	Budget Implementation Bill (Bill C-43)	Increased the maximum monthly GIS benefits by CAD36 for single pensioners (above standard indexation increases). Increased the maximum contribution limits for RPPs and RRSPs (as contributions are tax-deductible this incentivises savings).	MEANS_GEN (+1) TAX_SUB (+1) TAX_INCENT (+1)

DENMARK

Date	*Reform*	*Changes introduced*	*Coding of changes*
1982		Introduced a tax on the interest income of private pension savings Introduced an earnings test for pensioners aged 67 to 69	TAX_SUB (-1) TAX_INCENT (-1) ACTIVATION (-1)
1987	Lettelese af	Loosened the income test for the	MEANS_ELIG (+1)

	Samspilsproblemer	Pension Supplement. More people entitled to the full means-tested benefit.	
1987	Forhojelse af pensionstilaegget	Increased the Pension Supplement	MEANS_GEN (+1)
1988	Budget law	Significantly increased Old Age pensions	BEN_GEN (+1)
1990	Lov om satsreguleringsprocenter	Indexation changed from prices to real wages	BEN_INDEX (+1)
1991		Introduction of occupational pensions through collective agreements	
1993	Konsekvenser af skattereform	Reduction of basic pension and increase in Pension Supplement by equal amount	MEANS_GEN (+1) BEN_GEN (-1)
1996	Dobbelt ATP for folk pa overforselsind-komster	Recipients of sickness, maternity and unemployment benefits received twice the normal ATP contribution	BEN_CRED (1+)
1998	Special Pension Scheme (SP)	Special Pension scheme introduced and made permanent. Benefits and contributions increased. A 1% increase in contribution rate is levied on all income from work and social transfers for funding supplementary pensions on a long-term basis.	
1998	Whitsuntide package (*Pinsepakken*)	Tax reform reducing the generosity of tax rebates for private pension saving	TAX_SUB (-1) TAX_INCENT (-1)
1999		Normal retirement age reduced from 67 to 65 Incentives introduced to discourage early retirement	RET_AGE (-1) RET_INCENT (+1)

2003	Budget	Introduction of the ‘elderly check’, a tightly targeted benefit paid only to pensioners with no income aside from the state pension	MEANS_ELIG (+)
2006		Retirement age increased from 65 to 67	RET_AGE (+1)

IRELAND

Date	*Reform*	*Changes introduced*	*Coding of changes*
1988	Social Welfare Act	Introduced compulsory PRSI for farmers and the self-employed	BEN_COV (+1)
1990	Pensions Act, 1990	Tightened regulation of occupational pensions, defined the responsibilities of scheme trustees Introduced rules for adequate funding and administration of occupational pension schemes Vesting of occupational pension entitlements after 5 years Established a Pensions Board Established equal treatment of men and women in occupational pensions	REG_SEC (+1) GEND_EQU (+1)
1991		Introduced compulsory PRSI for the part-time workers	BEN_COV (+1)
1994	Homemakers' Scheme	Up to twenty years spent caring for children or incapacitated adults to be disregarded when averaging the social insurance record	BEN_CRED (+1)
1997	Social Welfare Act, 1997	Introduced the Widower's (Non Contributory) Pension	BEN_CONT (-1) GEND_EQU (+1)

		Increased the minimum contributions required for eligibility to the Old Age (Contributory) State pension	
2000	National Pensions Reserve Fund Act, 2000	Established the National Pensions Reserve Fun, into which quarterly instalments of one per cent of Gross National Product would be paid	FIN_FUND (+1)
2002	Pensions (Amendment) Act, 2002	Changed the regulatory framework of private pension schemes: Employers not sponsoring an occupational pension scheme for their employees to be obliged to provide access to a PRSA, although employer contributions are not mandatory Establishment of the Pensions Ombudsman Expansion of the role of the Pensions Board Improvements to the security and quality of pension entitlements under occupational pension plans	REG_SEC (+1) REG_COV (+1)
2002	Finance Act, 2002	Increased tax relief for occupational pensions	TAX_SUB (+1) TAX_INCENT (+1)
2004		Implemented recommendations made in the Report of the Commission on Public Sector Pensions: Minimum pension age increased to 65 for new entrants to the public sector Compulsory retirement age of 65 removed for new entrants	

		Introduced actuarially reduced benefits for cost neutral early retirement of public servants Altered pension calculation formula to enhance income of lower paid public servants	
2006	Social Welfare Law Reform and Pensions Act 2006	Increased the means test disregard from EUR 7.60 per week to EUR 20.00 Introduced a new earnings allowance of EUR100 a week to allow work earnings up to EUR 5,200 a year without affecting pension entitlements	MEANS_ELIG (+1) ACTIVATION (+1)

NETHERLANDS

Date	*Reform*	*Changes introduced*	*Coding of changes*
1980s		Ad hoc suspension of indexation of AOW, on several occasions	BEN_INDEX (-1)
1985		AOW for spouses individualised	GEND_EQU (+1)
1987		Introduced rules protecting accumulated benefits in occupational pensions. Enhanced portability.	REG_SEC (+1)
1992	Conditional Indexing Adjustment Act (WKA)	Wage indexation made conditional on wage increases and employment	BEN_INDEX (-1)
1994		Made illegal to exclude part-time workers from occupational pension schemes	REG_COV (+1)
1997	AOW Reserve Fund	Establishment of the AOW Reserve Fund Upper limit on AOW contribution	FIN_FUND (+1)
2002-		Premium increases and shift to	

2004		average-salary in occupational pensions	

NEW ZEALAND

Date	*Reform*	*Changes introduced*	*Coding of changes*
1985		Introduced the Taxation Surcharge	TAX_AFFLUENCE (+1)
1989	Income Tax Amendment Act 1989 Superannuation Schemes Act, 1989	Suspended the 80% link of superannuation to wages Indexation to the lower of price and wage movement, intended to move within a band between 65% and 72.7% of net wages Contributions to savings plans now paid from after-tax income. Income accruing as fund earnings is also taxed at the rate of 33%, and withdrawals from the fund are exempt. Thus NZ makes transition from EET to TTE regime	BEN_INDEX (-1) TAX_SUB (-1) TAX_INCENT (-1)
1990-1991		Indexation by prices alone rather than the lower of wages or prices Retirement age raised from 60 to 65 by 2000 Taxation surcharge rate increased from 20-25%	RET_AGE (+1) TAX_AFFLUENCE (+1)
1997	Taxation (Superannuitant Surcharge Abolition) Act	Surcharge abolished entirely, leaving universal pension with no form of targeting	TAX_AFFLUENCE (-1)
1998		Removed '65% of net wages' indexation floor. Replaced with 60%	BEN_INDEX (-1)

		floor	
1999	Social welfare (Transitional Provisions) Amendment Bill	Restoration of the 65% floor	BEN_INDEX (+1)
2001	New Zealand Superannuation Act, 2001	Established the New Zealand Superannuation Fund	FIN_FUND (+1)
2005	2005 Budget	Announced Kiwisaver along with a flat $1000 'sweetener' and an annual fees subsidy	TARGET_SUB (+1) TARGET_INCENT (+1)
2006	Kiwisaver Act, 2006	Established mandatory access and auto-enrolment into a Kiwisaver scheme. Minimum contribution rate of 4% of salary, but no mandatory employer contribution	REG_COV (+1)
2006	Taxation (Annual Rates, Savings Investment, and Miscellaneous provisions) Bill	Employer contributions and matched employee contributions of up to 4% of gross income to be exempt from the withholding tax	TAX_SUB (+1) TAX_INCENT (+1)
2007	Taxation (KiwiSaver) Act 2007, formerly Taxation (Annual Rates, Business Taxation, KiwiSaver and Remedial Matters) Bill	Introduced mandatory employer contributions to Kiwisaver schemes	REG_COV (+1)
2007	May Budget	Tax subsidies extended so that the first $30 a week of individual contribution attracts a $20 tax credit	TAX_SUB (+1) TAX_INCENT (+1)

		Employer costs offset by a matching $20 tax credit	

SWITZERLAND

Date	*Reform*	*Changes introduced*	*Coding of changes*
1982	Introduction of the law on the occupational pension scheme 1982 (Bundesgesetz uber die berufliche Vorsorge BVG; BBI 1976 I: I49ff)	Introduced mandatory occupational pensions. Coordination of basic and occupational pension: earnings insured by the basic pension exempted from occupational pension coverage	REG_COV (+1)
1985	Second reform of the means-tested supplementary pension scheme 1985 (zweite Revision des Bundesgesetzes uber Erganzungsleistungen zur AHV/IV; BBI 1985 I: 98ff)	Increase of means tested complementary pension benefits Increased complementary benefits for long-term-care patients Lowering of complementary benefits for pensioners with own savings Increase of individual financial responsibility in case of sickness	MEANS_GEN (+1) MEANS_ELIG (-1)
1994	Reform of labour market mobility in the occupational pension scheme 1994 (Bundesgesetz uber die Freizugigkeit in der beruflichen Vorsorge; BBI 1992 II: 533ff)	Guarantee of individual pension savings in case of labour market mobility Harmonisation of occupational second-pillar pension programs No dissolution of pension savings for women in case of marriage Splitting of second pillar savings for women in case of divorce	REG_SEC (+1) GEND_EQU (+1)

1995	10th Reform of the basic pension scheme 1995 (10. Revision der Alters- und Hinterbliebenenversicherung AHV;BBI 1990 II: Iff)	Introduced contribution sharing and pension benefit sharing (gender equality) Introduced contribution credits for informal carers Increased the female retirement age from 62 to 64	BEN_CRED (+1) RET_AGE (+1) GEND_EQU (+1)
1997	Verordnung uber die obligatorische berufliche Vorsorge von arbeitslosen personen	Unemployment insurance funds to deduct a contribution from unemployment benefits and make an 'employer's contribution', thereby extending occupational pension provision to the unemployed	REG_COV (+1)
2003		Reduced the guaranteed interest rate for occupational plans from 4% to 3.25%	REG_SEC (-1)
2003	11th reform of the basic pension scheme 2003 (11. Revision der Alters- und Hinterbliebenenversicherung AHV; BBI 2000 II: 1865ff)11th AHV/AVS revision	VAT increase for additional financing of basic pension Increased female retirement age to 65 Flexible retirement age without public subsidies for lower income pensioners Cutbacks in pension indexation Increase in contribution levels for self-employed	RET_AGE (+1) BEN_CONT (-1) BEN_INDEX (-1)
2003	Ist reform of the occupational pension scheme 2003 (1.Revision des Bundesgesetzes uber die berufliche Vorsorge BVG; BBI	Reduced the conversion rate from 7.2% to 6.8% (lowered private pension benefits through regulation of occupational scheme benefit calculations) Access threshold for compulsory	REG_BEN (-1) REG_COV (+1) RET_AGE (1)

	2000 III: 2675ff)	pensions lowered Cutbacks in occupational pension levels Increase of the retirement age for women to 65 Improved occupational pension coverage for low-income earners Improved occupational pension coverage for part-time employees	
2004		Further reduced the guaranteed interest rate for occupational plans from 3.25% to 2%	REG_SEC (-1)
2007		Allowed delay of receipt of third pillar retirement benefits for a maximum of five years to encourage older workers to remain in the labour market	ACTIVATION (+1)

UNITED KINGDOM

Date	*Reform*	*Changes introduced*	*Coding of changes*
1980	Social Security Act 1980	Pensions no longer uprated by the better of earnings or prices, but by prices only	BEN_INDEX (-1)
1986	Social Security Act 1986	Allowed for subsidized contracting-out of private pension plans. Contracting-out rebate extended to DC schemes. Reference period for SERPS benefits extended from 20 years to life-time career. SERPS replacement rate reduced from 25% to 20%.	TAX_SUB (+1) TAX_INCENT (+1) BEN_GEN (-1) REG_DB (-1)

1989	1988 and 1989 Budgets	Curtails tax relief: a price-indexed limit is placed on pensions paid from tax-approved schemes, restricting the level of contributions. The annual contribution limit is increased in line with earnings, and subject to an overall cash limit	TAX_SUB (-1) TAX_INCENT (-1)
1995	Pensions Act	Increased the State Pension Age for women from 60 to 65 over a period of 10 years from 2010 Introduced rules to protect occupational pensions against fraud and mismanagement Regulated the vesting of pension entitlements Abolished the Guaranteed Minimum Pension for occupational schemes	RET_AGE (+1) REG_SEC (-1) (+1)
1997	Budget	Reduction of the ACT rebate - reduced the tax favoured position of pensions compared with their treatment prior to 1997	TAX_SUB (-1) TAX_INCENT (-1)
1999	Welfare Reform and Pensions Act	Introduced Stakeholder Pensions Renamed the main means-tested pension ‘Minimum Income Guarantee’. Increased its generosity substantially and temporarily indexed it to earnings rather than prices	REG_COV (+1) MEANS_GEN (+1) MEANS_ELIG (+1)
2000	Child Support, Pensions and Social Security Act	Replaced SERPS with the Second State Pension (S2P) Introduced for the first time an additional pension for carers and disabled people with broken work records	BEN_FLAT (+1) BEN_CRED (+1)

2002	State Pension Credit Act	Replaced the Minimum Income Guarantee with the Pension Credit	MEANS_ELIG (+1)
2004	Finance Act Pensions Act	Established the Pension Protection Fund, an insurance arrangement to protect members of Defined Benefit occupational pension schemes in the event of employer insolvency or underfunding Loosened indexation requirements for occupational pension schemes Introduced further incentives for delayed retirement Further change to the regulation of vesting periods Pension tax simplification, to be introduced in April 2006	REG_SEC (+1) (-1) RET_INCENT (+1) TAX_SUB (-1) TAX_INCENT (-1)
2007	Pensions Act	Increased the State Pension Age Loosened eligibility conditions for receipt of the Basic State Pension Re-introduced earnings uprating Introduced the gradual flat-rating of the S2P	BEN_FLAT (+1) BEN_INDEX (+1) BEN_CONT (+1) RET_AGE (+1)
2008	Pensions Act	Established NEST Introduced mandatory employer contributions	REG_COV (+1)

UNITED STATES

Date	*Reform*	*Changes introduced*	*Coding of changes*
1981	Public Law 97-35	Tightened means testing- instead of the first $60 of earned or unearned	MEANS_ELIG (-1)

		income being excluded, now the first \$20 were excluded, and instead of the next \$195 of the remainder of quarterly earned income being excluded, now the next \$65 was excluded	
1982	TEFRA n97	Lowered the annual benefit payable form a defined benefit plan. Lowered the annual contribution limits for participants in DC plans	TAX_SUB (-1) TAX_INCENT (-1)
1986	Tax Reform Act (TRA) n101	Restricted tax deductions for IRA contributions Set a cap on compensation that a plan may consider in determining the level of accrued benefits or share of employer contributions to the plan	TAX_SUB (-1) TAX_INCENT (-1)
1987	OBRA n103	Reduced significantly the amount of the employer's deduction for contributions to a defined benefit plan	TAX_SUB (-1) TAX_INCENT (-1)
1990	Omnibus Budget and Reconciliation Act, 1990	Raised employer contributions to the Pension Benefit Guaranty Corporation Reduced the cap on compensation for insured DB plans from \$235,840 to \$150,000	REG_SEC (+1) TAX_SUB (-1) TAX_INCENT (-1)
1993 /96	The 1993 and 1996 SSA Amendment Acts	Placed restrictions on DI and SSI benefits to Drug Addicts and Alcoholics	MEANS_COV (-1)
1996	Small Business Jobs Protection Act n138	Created financial incentives, particularly for small employers, to offer workers retirement plans Special incentives for employers with 100 or fewer employees were introduced through 'SIMPLE plans'	TARGET_SUB (+1) TARGET_INCENT (+1)

1996	Contract with America Advancement Act, 1996	Increased the earnings limit for the retirement income test	ACTIVATION (+1)
	Taxpayer Relief Act of 1997, no.145	Introduced the Roth IRA, extending tax deductibility	TAX_SUB (+1) TAX_INCENT (+1)
1996	Personal Responsibility and Work Opportunity Reconciliation Act, 1996	Limited the social protection eligibility of most non-citizens	MEANS_COV (-1)
2000	The Senior Citizens' Freeedom to Work Act of 2000	Eliminated the Social Security earnings test for retirement benefits. Anyone reaching full retirement age allowed to work and receive full Social Security retirement benefits	ACTIVATION (+1)
2001	Economic Growth and Tax Relief Reconciliation Act, 2001 (EGTRRA)	Increased the amounts that workers may contribute to tax favoured retirement plans Offered small businesses further tax breaks to broaden the private pension coverage Introduced the Saver's Credit, a government matching contribution in the form of a non-refundable tax credit for voluntary individual contributions to 401(k)-type plans, IRAs, and similar retirement savings arrangements	TAX_SUB (+1) TAX_INCENT (+1) TARGET_SUB (+1) TARGET_INCENT (+1)
	Job Creation and Worker Assistance Act of 2002	Contribution limit to Simplified Employee Pensions (SEPs) increased	TAX_SUB (+1) TAX_INCENT (+1)
2006	The Pension Protection Act, 2006	Removed barriers to auto-enrolment into defined contribution plans	REG_SEC (+1)

	Made permanent the temporary higher contribution limits of EGTRRA 2001 Strengthened the funding requirements for DB pension plans. Underfunded sponsors to pay higher premiums to the Pension Benefit Guarantee Corporation

APPENDIX D: SOLUTION TABLES

Table 23. Analysis of sufficient conditions for the outcome 'significant universalising reform', conservative solution

Solution	***hi_targ* lo_erel* lo_natsav* broad_fin* non_left***	**+**	***hi_targ* lo_erel* ~lo_natsav* ~broad_fin* non_left***	**+**	***hi_targ* lo_erel* lo_natsav* ~broad_fin* ~ non_left***	**→**	***reform***
Single country coverage	**DEN80, NZ90, AUS00**		**IRE80, IRE90,IRE00**		**UK00**		
Consistency	0.830508		0.755396		0.971014		
Raw Coverage	0.367316		0.314843		0.100450		
Unique Coverage	0.367316		0.314843		0.100450		
	Solution consistency: 0.815625; Solution coverage: 0.782609						

Model: reform = f(hi_targ, lo_erel, lo_natsav, broad_fin, non_left). Conservative solution.
Frequency cutoff: 1.000000
Consistency cutoff: 0.755396
Cases in bold are uniquely covered by the relevant solution term

Table 24. Analysis of sufficient conditions for the outcome 'significant universalising reform', parsimonious solution

Solution	*lo_erel* lo_natsav* non_left*	+	*hi_targ* lo_erel* ~broad_fin*	→	*reform*
Single country coverage	**DEN80, NZ90, AUS00**		**IRE80, IRE90,IRE00, UK00**		
Consistency	0.589744		0.752500		
Raw Coverage	0.413793		0.451274		
Unique Coverage	0.367316		0.404798		
	Solution consistency: 0.679105; Solution coverage: 0.818591				

Model: reform = f(hi_targ, lo_erel, lo_natsav, broad_fin, non_left). Parsimonious solution.
Frequency cutoff: 1.000000
Consistency cutoff: 0.755396
Cases in bold are uniquely covered by the relevant solution term

Table 25. Analysis of sufficient conditions for the outcome 'no significant universalising reform, conservative solution

Solution	***~lo_erel* lo_natsav* non_left***	**+**	***lo_erel* lo_natsav* ~non_left***	**+**	***hi_targ* ~lo_erel* non_left***	**+**	***~hi_targ* lo_erel* ~lo_natsav* non_left***	**→**	***~reform***
Single country coverage	**US80, US90, US00,** UK80, UK90, CAN90		**AUS80, AUS90, NZ80, NZ00, DEN90, UK20**		**CAN80**, CAN90, **CAN00,** UK80, UK90		**NET80, NET90, NET00, SWI80, SWI90, SWI20**		
Consistency	1.000000		0.852747		1.000000		**1.000000**		
Raw Coverage	0.274962		0.190851		0.229710		**0.226267**		
Unique Coverage	0.118052		0.179046		0.083128		**0.208067**		
	Solution consistency: 0.958073; Solution coverage: 0.753074								

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Conservative solution.
Frequency cutoff: 2.000000
Consistency cutoff: 0.768965
Cases in bold are uniquely covered by the relevant solution term

Table 26. Analysis of sufficient conditions for the outcome 'no significant universalising reform', parsimonious solution

Solution	***~lo_erel****	**+**	***~ non_left***	**+**	***~hi_targ***	**→**	***~reform***
Single country coverage	US80, US90, US00, **UK80, UK90, CAN80, CAN90, CAN00**		**AUS80, AUS90,** NZ80, NZ00, **DEN90, UK20**		**NET80, NET90, NET00, SWI80, SWI90, SWI20,** NZ80, NZ00, US80, US90, US00		
Consistency	0.963293		0.766784		1.000000		
Raw Coverage	0.425971		0.213478		0.541072		
Unique Coverage	0.228726		0.126414		0.261628		
	Solution consistency: 0.965590**;** Solution coverage: 0.897196						

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Parsimonious solution.
Frequency cutoff: 2.000000
Consistency cutoff: 0.768965
Cases in bold are uniquely covered by the relevant solution term

Table 27. 'Five-year' analysis of sufficient conditions for the outcome 'no significant universalising reform', conservative solution

Solution	***~lo_erel* non_left***	**+**	***lo_erel* lo_natsav* ~non_left***	**+**	***~hi_targ* non_left***	**→**	***~reform***
Single country coverage	US80, US85, US90, US95, US00, US05, **UK80, UK85, UK90, CAN80, CAN85, CAN90, CAN95, CAN00, CAN05**		**AUS85, AUS90, NZ85, NZ00, NZ05, DEN80, DEN95, UK00, UK05**		**NET80, NET85, NET90, NET95, NET00, NET05, SWI80, SWI85, SWI90, SWI95, SWI00, SWI05,** US80, US85, US90, US95, US00, US05		
Consistency	0.963293		0.827985		1.000000		
Raw Coverage	0.375469		0.142290		0.404589		
Unique Coverage	0.192146		0.124862		0.221046		
	Solution consistency: 0.961024; Solution coverage: 0.728877						

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Conservative solution. Country-five-years as cases.
Frequency cutoff: 1.000000
Consistency cutoff: 0.760714
Cases in bold are uniquely covered by the relevant solution term

Table 28. 'Five-year' analysis of sufficient conditions for the outcome 'no significant universalising reform', parsimonious solution

Solution	***~lo_erel* non_left***	**+**	***lo_erel* ~ non_left***	**+**	***~hi_targ***	**→**	***~reform***
Single country coverage	US80, US85, US90, US95, US00, US05, **UK80, UK85, UK90, CAN80, CAN80, CAN90, CAN95, CAN00, CAN05**		**AUS85, AUS90, NZ85**, NZ00, NZ05, **DEN80, DEN95, UK20, UK25**		**NET85, NET90, NET95, NET00, NET05, NZ80,** NZ00, NZ05, **SWI80, SWI85, SWI90, SWI95, SWI00, SWI05,** US80, US85, US90, US95, US00, US05		
Consistency	1.000000		0.817783		1.000000		
Raw Coverage	0.375469		0.164350		0.463269		
Unique Coverage	0.192146		0.098390		0.231193		
	Solution consistency: 0.928533; Solution coverage: 0.843581						

Model: ~reform = f(hi_targ, lo_erel, lo_natsav, non_left). Parsimonious solution. Country-five-years as cases.
Frequency cutoff: 1.000000
Consistency cutoff: 0.768965
Cases in bold are uniquely covered by the relevant solution term

Table 29. Analysis of sufficient conditions for the outcome 'extension of private pension coverage', conservative solution

Solution	lo_erel*hi_left*~hi_ud*~hi_frag +	lo_erel*cuts*hi_frag*~hi_left*~hi_ud +	lo_erel*cuts*hi_frag*hi_left*hi_ud →	univ
Single country coverage	**AUS 90, NZ20,UK00**	**SWI80, SWI90, SWI00, NET90**	**DEN90**	
Consistency	0.951456	0.796610	0.942529	
Raw Coverage	0.400545	0.320163	0.111717	
Unique Coverage	0.358311	0.320452	0.074932	

Solution consistency: 0.890796; Solution coverage: 0.777929

Frequency cut-off: 1.000000; Consistency cut-off: 0.796610

Table 30. Analysis of sufficient conditions for the outcome ‘extension of private pension coverage’, parsimonious solution

Solution	**hi_left*~hi_ud +**	**lo_erel*cuts*hi_frag*~hi_left*~hi_ud +**	**hi_left*hi_frag**	**→ univ**
Single country coverage	**AUS 90, NZ00,UK00**	**SWI80, SWI90, SWI00, NET90**	**DEN90**	
Consistency	0.958904	0.658786	0.928571	
Raw Coverage	0.476839	0.378747	0.159401	
Unique Coverage	0.392371	0.305177	0.074932	
Solution consistency: 0.802296; Solution coverage: 0.856948				

Frequency cut-off: 1.000000; Consistency cut-off: 0.796610

Table 31. Analysis of sufficient conditions for the outcome 'no extension of private pension coverage', conservative solution

Solution	~hi_left*~hi_ud*~hi_frag +	lo_erel* ~cuts* hi_left +	cuts* ~hi_frag* ~hi_left	→ univ
Single country coverage	AUS00, CAN80, CAN90, **CAN00,** IRE00, NZ90, UK90, US80, US90, **US00**	AUS00, **DEN80, IRE80**, IRE00**,** **NET80, NET00**	CAN80, CAN90, **IRE90**, NZ90**,** **UK80,** UK90, US80, US90	
Consistency	0.991089	1.000000	0.985731	
Raw Coverage	0.509156	0.303154	0.421668	
Unique Coverage	0.096643	0.205494	0.106816	
Solution consistency: 0.992624; Solution coverage: 0.821465				

Frequency cut-off: 1.000000; Consistency cut-off: 0.951872

Table 32. Analysis of sufficient conditions for the outcome 'no extension of private pension coverage', parsimonious solution

Solution	**~hi_left* ~hi_frag +**	**~cuts* ~hi_left +**	**~cuts* hi_frag**	**→ univ**
Single country coverage	AUS00, **CAN80, CAN90,** CAN00, IRE80, IRE90, **IRE00, NZ90, UK80, UK90, US80, US90,** US00	AUS00, CAN00, DEN80, IRE80, IRE00, NET80, NET00, US00	DEN80, NET80, NET90	
Consistency	0.991071	1.000000	0.973770	
Raw Coverage	0.677518	0.404883	0.151068	
Unique Coverage	0.421668	0.019837	0.000000	
Solution consistency: 0.987842; Solution coverage: 0.826551				

Frequency cut-off: 1.000000; Consistency cut-off: 0.951872

Table 33. Country-five-year analysis of sufficient conditions for the outcome 'no extension of private pension coverage', conservative solution

Solution	~hi_left* ~hi_frag* ~hi_ud +	lo_erel* ~cuts* ~hi_left +	~hi_frag* ~hi_left* cuts +	hi_ud* ~hi_left* lo_erel +	~lo_erel* cuts* ~hi_ud* ~hi_frag +	lo_erel* ~cuts* hi_ud* hi_frag	→ univ
Single country coverage	AUS95, AUS00, AUS05,**CAN80,** CAN85, CAN90, CAN95, **CAN00, CAN05,** IRE00, IRE05, NZ90, NZ95,**UK90,** US80, US85, US90, US95, US00, US05	AUS00, AUS05, DEN85, DEN90, DEN00, IRE80, IRE85, IRE90, IRE00, IRE05, **NZ80, NET80, NET85, NET95, NET00, NET05,** US85, US00, US05, SWI80	AUS80, **AUS95,** CAN85, CAN90, CAN95, IRE95, NZ90, NZ95, **UK80, UK85,** US80, US90, US95	AUS80, DEN85, DEN90, DEN00, **DEN05,** IRE80, IRE85, IRE90, IRE95, **NZ80**	CAN85, CAN90, CAN95, **UK95**	**DEN80,** DEN85, DEN90, **DEN95,** DEN00	
Consistency	0.996585	0.941047	1.000000	0.936550	1.000000	0.871080	
Raw Coverage	0.434773	0.455203	0.277506	0.223026	0.083848	0.106406	
Unique Coverage	0.0622992	0.168972	0,052139	0.020004	0.006810	0.036817	
	Solution consistency: 0.859332; Solution coverage: 0.966723						

Frequency cut-off: 1.000000; Consistency cut-off: 0.825758

Table 34. Country-five-year analysis of sufficient conditions for the outcome 'no extension of private pension coverage', parsimonious solution

Solution	~hi_left* ~hi_frag +	hi_frag* ~cuts +	hi_frag* hi_ud +	~lo_erel	→ univ
Single country coverage	CAN80, CAN85, CAN90, CAN95, CAN00, CAN05, **IRE80, IRE85, IRE90, IRE00, NZ80,** UK80, UK85, UK90, **US80, US85, US90, US95, US00, US05**	DEN80, DEN85, DEN90, DEN95, DEN00, **SWI80, SWI85, SWI90, SWI95, SWI05, NET80, NET85, NET95, NET00, NET05**	DEN80, DEN85, DEN90, DEN95, DEN00, **DEN05**	CAN80, CAN85, CAN90, CAN95, CAN00, CAN05, UK80, UK85, UK90, **UK95**	
Consistency	0.997527	0.870060	0.871129	0.944908	
Raw Coverage	0.600979	0.276442	0.141094	0.240902	
Unique Coverage	0.375399	0.133433	0,021281	0.022984	
Solution consistency: 0.947869; Solution coverage: 0.889977					

Frequency cut-off: 1.000000; Consistency cut-off: 0.825758

APPENDIX E: TRUTH TABLES

Truth Table for 'reform' using country-decade cases

hi_targ2	lo_erel	lo_natsav	hi_right	broad_fin	number	reform	raw consist.	PRI consist.	SYM consist
1	1	1	0	0	1	1	0.971014	0.971014	1
1	1	1	1	1	3	1	0.830508	0.829932	0.995935
1	1	0	1	0	3	1	0.755396	0.679245	0.76087
1	1	0	1	1	1	0	0.448819	0.444444	0.982759
1	1	1	0	1	3	0	0.149321	0	0.5
0	1	1	0	1	2	0	0	0	
1	0	0	1	1	2	0	0	0	
1	0	1	1	0	2	0	0	0	
1	0	1	1	1	1	0	0	0	
0	0	1	1	0	3	0	0	0	
0	1	0	1	0	6	0	0	0	

Truth Table for '~reform' using country-decade cases

hi_targ2	lo_erel	lo_natsav	hi_right	number	~reform	raw consist.	PRI consist.	SYM consist
0	1	0	1	6	1	1	1	1
0	1	1	0	2	1	1	1	1
1	0	1	1	3	1	1	1	1
0	0	1	1	3	1	1	1	1
1	0	0	1	2	1	1	1	1
1	1	1	0	4	1	0.768965	0.7393	0.871094
1	1	0	1	4	0	0.360494	0.233728	0.685446
1	1	1	1	3	0	0.253482	0.236467	0.919192

Truth Table for '~reform' using county-five-year cases

hi_targ	lo_erel	lo_natsav1	hi_right1	number	~reform	raw consist.	PRI consist.	SYM consist
0	1	0	1	12	1	1	1	1
0	1	1	0	2	1	1	1	1
0	0	0	1	2	1	1	1	1
1	0	0	1	4	1	1	1	1
1	0	1	1	5	1	1	1	1
0	0	1	1	4	1	1	1	1
0	1	1	1	1	1	1	1	1
1	1	1	0	7	1	0.760714	0.74573	0.928105
1	1	1	1	6	0	0.664678	0.645202	0.923715
1	1	0	1	10	0	0.643973	0.620238	0.911532
1	0	1	0	1	0	0.488372	0.488372	1

Truth Table for 'univ' using country-decade cases

lo_erel2	cuts2	hi_left	hi_frag	hi_ud	number	fuzzy_univ2	raw consist.	PRI consist.	SYM consist
1	0	1	0	0	1	1	0.968421	0.968421	1
1	1	1	0	0	2	1	0.943925	0.929825	0.82449
1	1	1	1	1	1	1	0.942529	0.932432	0.863158
1	1	0	1	0	4	1	0.79661	0.693878	0.703593
1	1	1	0	1	2	0	0.580838	0.453125	0.713235
1	1	0	1	1	1	0	0.311765	0.286585	0.898305
1	1	0	0	0	1	0	0.160428	0.054217	0.588235
1	1	0	0	1	1	0	0.083333	0.046667	0.684211
0	1	0	0	0	5	0	0.047521	0.017058	0.605263
0	1	0	0	1	1	0	0.045802	0.023437	0.666667
1	0	0	0	1	1	0	0	0	
1	0	0	1	1	1	0	0	0	
1	0	0	1	0	2	0	0	0	
1	0	0	0	0	2	0	0	0	
0	0	0	0	0	2	0	0	0	

Truth Table for '~univ' using country-decade cases

lo_erel2	cuts2	hi_left	hi_frag	hi_ud	number	~fuzzy_univ2	raw consist.	PRI consist.	SYM consist
1	0	0	0	1	1	1	1	1	1
1	0	0	1	1	1	1	1	1	1
0	0	0	0	0	2	1	1	1	1
1	0	0	0	0	2	1	1	1	1
1	0	0	1	0	2	1	1	1	1
0	1	0	0	0	5	1	0.983471	0.982942	0.96945
0	1	0	0	1	1	1	0.977099	0.976563	0.977099
1	1	0	0	1	1	1	0.955128	0.953333	0.96129
1	1	0	0	0	1	1	0.951872	0.945783	0.894472
1	1	0	1	1	1	0	0.723529	0.713415	0.953488
1	1	1	0	1	2	0	0.652695	0.546875	0.736486
1	1	0	1	0	4	0	0.525424	0.285714	0.610236
1	1	1	0	0	2	0	0.257009	0.070175	0.561224
1	1	1	1	1	1	0	0.206897	0.067568	0.580645
1	0	1	0	0	1	0	0.031579	0.031579	1

Truth Table for '~univ' using country-five-year cases

lo_erel	cuts	hi_left	hi_ud	hi_frag	number	~univ5	raw consist.	PRI consist.	SYM consist
1	1	0	1	1	1	1	1	1	0.971014
0	1	1	0	0	1	1	1	1	0.971014
1	1	0	0	0	6	1	1	1	0.973646
0	1	0	1	0	2	1	1	1	0.994872
0	1	0	0	0	3	1	1	1	0.975741
1	1	0	1	0	2	1	1	1	0.980296
1	0	0	0	0	7	1	0.990897	0.990789	0.988327
1	0	0	1	0	4	1	0.990157	0.99006	0.990157
0	0	0	0	0	4	1	0.980874	0.980447	0.978202
1	0	1	1	1	2	1	0.964647	0.962963	0.955
1	0	0	0	1	10	1	0.920616	0.917284	0.958076
1	0	0	1	1	3	1	0.825758	0.808864	0.903315
1	1	1	1	0	1	0	0.764706	0.757576	0.962963
1	0	1	1	0	1	0	0.684783	0.491228	0.642857
1	1	0	0	1	2	0	0.604396	0.37931	0.625
1	0	1	0	0	4	0	0.566832	0.525745	0.867424
1	1	1	0	0	1	0	0.524476	0.484848	0.872093

APPENDIX F: ANALYSIS OF SUFFICIENT CONDITIONS WITH COUNTRY-FIVE-YEARS AS CASES

I recoded the data into country-five-year cases, and conduct the QCA again. In the five-year analysis, the causal conditions are insufficient to explain the majority of cases of reform. Most cases of reform remain uncovered by the solution formula, reflecting the fact that sometimes the presence of all the causal conditions was not in itself sufficient to bring about reform within a five year period.

The analysis of the non-reform case using country-five-years as cases has greater explanatory power, and reinforces the country-decade analyses. Table 14 at the end of chapter four presents the results. Again, three 'paths' to non-reform emerge. The first path, with a consistency score of 1.000000, uniquely covers the UK from 1980 to 1995, and Canada from 1980 to 2009. It reinforces the idea that the presence of a significant earnings-related pension is sufficient to explain the absence of universalising reforms in these cases - even in the presence of a non-left government.

The second path reinforces the idea that the presence of a left party in government is sufficient to explain why there were no universalising reforms - despite the absence of a significant earnings related pension - in Australia between 1985 and 1994, in New Zealand between 1985 and 1990, and in Denmark between 1980 and 1984 and between 1995 and 2000. Again, the high consistency score of 0.817783 masks the seemingly deviant case of the UK in the 2000s which is discussed in chapter 6.

The solution formula reinforces the causal importance of targeting for bringing about universalising reform. In addition to uniquely explaining the absence of reform in Switzerland and the Netherlands, the third 'path' shows that 'the non-prevalence of targeting' – or rather the high coverage of non-means tested pensions of which this is the flip-side – is also sufficient to explain the complete absence of universalising reform in the US, and the absence of reform in New Zealand between 1980 and 1984 and between 2000 and 2009.

Overall, the five-year analysis suggests that the causal conditions identified under country-decade cases are robust, but that more information is needed if we are to understand why sometimes the presence of all the causal conditions was not sufficient to bring about reform within the five year period. Ultimately, the choice of country-decades as cases strikes an appropriate balance between parsimony, and explaining the myriad reasons why reforms do not occur the moment the relevant sufficient conditions are in place.

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