Paper to be presented at ISA RC 19 Conference:
Social Policies: Local Experiments, Travelling Ideas,
Montreal, August 20-22, 2009

International Policy Diffusion or Path Dependent Adaptation? The Changing Public-Private Pension Mix in Europe

Bernhard Ebbinghaus
Mareike Gronwald
MZES, University of Mannheim

Adapted paper from the Chapter to be published in
Bernhard Ebbinghaus (Ed.): *Varieties of Pension Governance. The Privatization of Pensions in Europe*,
Oxford: Oxford University Press, in preparation, 2010

Recent policy proposals for the "privatization" of pensions and the shift toward a multipillar model suggest a convergence towards one public-private pension mix. However, cross-national diversity in public-private pension mix has remained despite "privatization" reforms. In fact, national "path dependence" has been claimed in respect to the long-term development of pension systems in Europe. This paper maps the evolution of the public-private mix of old age pension provision in ten European countries, analyzing how different models of pension provision became adapted across Europe. It describes the way in which past decisions in expanding public pensions had repercussions for the space of development for private (occupational and personal) pensions. The process of institutional change is examined by analysing three critical junctures in a comparative historical analysis. First, the early decisions toward a Bismarckian earnings-related social insurance for older workers or a Beveridge-type basic pension for citizens to prevent poverty had major repercussions for further reforms. The second juncture was the successful (or failed) expansion of public pension systems to safeguard living-standards of the middle classes by earnings-related state pensions, leaving less (or more) space for private initiative, that is crowding out (or in) non-state supplementary pensions. Finally, the more recent pension reforms are considered in respect to their impact on the public-private pension mix, indicating that "path departure" has been possible in recent shifts away from state to private responsibilities for old age income. The influence of ideas from international policy communities has had some impact on the more recent reforms, but as in earlier phases, national adaptations to the given systems and domestic constraints have led to rather different hybrid public-private mixes.

Prof. Dr. Bernhard Ebbinghaus
MZES Director
Mannheim Centre for European Social Research
University of Mannheim
D-68131 Mannheim, Germany
Email: ebbinghaus@uni-mannheim.de
web: www.mzes.uni-mannheim.de

International Policy Diffusion or Path Dependent Adaptation? The Changing Public-Private Pension Mix in Europe

Bernhard Ebbinghaus
Mareike Gronwald
MZES, University of Mannheim

Introduction

Current international and national public debates focus on the need to reform pay-as-you-go public pension systems under the pressures of ageing society and advocate for private funded pensions. This policy shift towards 'privatization' of pension systems and emphasis of a multipillar retirement income system has been advanced not only by national policy advisers but also by international organizations from the IMF to OECD to the European Union. However, contemporary pensions systems remain distinct with considerable country-level variation due to the historically specific development of the public-private mix and different reform trajectories across countries in recent years. We therefore present a comparative-historical approach that reveals the cross-national similarities and differences in the shaping of private pensions in the context of earlier decisions concerning public pensions across countries and over time.

While comparative analyses of public policies have provided us with a better understanding of the major differences in welfare state regimes (most notably Esping-Andersen 1990), the evolution of the public-private mix needs more closer scrutiny (for an early study see Rein and Rainwater 1986; Shalev 1996b). Any definition of private (occupational and personal) pensions meets the largely soft, often historically shifting, and nationally specific borderlines of differences between public and private, universal and status group specific, mandatory and voluntary, collective and individual, state regulated and self- or unregulated schemes (Shalev 1996a: 4-7). Comparative welfare analysis have largely focused on public policy (Immergut et al. 2007), while the firm-provided or collectively negotiated *occupational* welfare arrangements have been the focus of less empirical scrutiny (Rein and Schmähl 2004; Rein and Wadensjö 1997), partly because they seem to be less widespread, more fragmented, and in a state of flux. In recent years, however, there has been renewed interest in the role of employers and unions in shaping not only public but also private social policy (Ebbinghaus 2006; Trampusch 2007). Despite these studies, we still lack a systematic comparative account that explains the different 'paths' of public pensions and the shift toward private pensions.

Our comparative historical analysis attempts to map the cross-national institutional diversity in the evolution of the public-private mix of old age pension provision in ten European countries.[1]

[1] The analysis of individual countries is based on the country chapters in this volume unless otherwise referenced.

After a discussion of the main thesis on historical sequence, this chapter describes the way in which institutional arrangements in occupational pensions evolved over time and interact with the public system. In the following, the process of institutional change is examined by analysing *critical junctures* in the evolution of the public-private pension mix. First, the early legacy and path dependent post-war dynamics in the formation of state pensions will be sketched in a diachronical, comparative account. In particular the early path dependent decisions toward basic pensions (*à la* Beveridge) or earnings-related social insurance (*à la* Bismarck) will be compared. The second juncture compares successful versus belated or even failed expansion of public pension systems to include earnings-related second tier pensions in Beveridge-type systems or the further expansions of earnings-related pension benefits in Bismarckian systems to secure living standards in old age. The main focus will be on the question whether these public pension decisions had a stimulating or limiting impact on private pension development. Finally, the more recent pension reforms from above and evolution from below will be considered with regard to changing public-private pension mix. Indeed, countries that had crowded out occupational and personal pensions have seen a recent shift towards adding such schemes, while those mature multipillar systems have faced the question of how to regulate the privatized pillars.

1. Critical Junctures and Path Dependence

Historical institutionalists see *institutions* as enduring principles and rules emerging from more or less conscious choices by collective actors at critical junctures generating taken-for-granted expectations that govern behaviour (see also Ebbinghaus 2005). Even if it is often impossible to precisely predict a critical juncture, retrospective analysis can reveal the factors leading to changes of an old or the emergence of a new institution as the result of the interactions of collective action by individual and corporate actors in a given historical situation (Stinchcombe 1968). However, this does not imply that the institution was necessarily planned, it could be also the outcome of unintended consequences. The critical juncture model serves first and foremost as a working hypothesis that needs to be studied in historical comparative research.

Path dependence has been claimed for pension policy given the long-term commitment of *pay-as-you-go* (PAYG) systems, thus contributors expect to receive benefits in the future as matter of acquired rights. Particularly, conservative welfare states were seen as reform-incapable due to status quo defence, leading to path dependent inertia. Recent empirical studies on reform processes seek to go beyond time-invariant fixation of welfare regime analysis à la Esping-Andersen and adopt a more differentiated analysis that also focuses more closely on 'two worlds' of pension systems (Palier and Bonoli 1995): the Bismarckian social insurance and the Beverdige-type basic pension. Adopting an institutionalist perspective, the timing and sequence of events is of importance for subsequent development (Hacker 2005). Bismarckian PAYG-systems promised early on earnings-related benefits in return to defer wages, binding future generations to past decisions (Myles and Pierson 2001).

Beveridge-type systems with less strict contribution-to-benefit-expectations have more leeway to public interventions, but much dependent on whether earnings-related supplementary pensions were introduced as 'early-birds' or 'latecomers' (Hinrichs 2000: 358). In some countries government's non-decisions (Hacker 2005) in the public pension area 'crowded-in' private schemes, compensating the income gap left by flat-rate state pensions.

The evolution of the public-private pension mix is characterized by two junctures that led to *path dependent* regimes, and a more recent third juncture of *path departure*. Public policy, in particular social security, has an impact on the opportunities for private forms of old-age provision, but this pattern also holds in the opposite direction. Moreover, the state–as–employer as well as the state–as–regulator shapes also occupational welfare in addition to its direct responsibility for the state schemes. In pension insurance, probably more than in other policy arenas, the national legacies weigh heavily in postwar development given the long-term consequences of pension commitments. In old age security systems, the early decisions towards a Bismarckian (earnings-related) social insurance or a Beveridge-type basic pension for all citizens have had major repercussions for private pension development (for similar approach see: Natali 2008). There are two major hypotheses, more or less explicitly advanced in the literature (Hinrichs 2000; Whiteside 2006): the crowding-out thesis applied to Bismarckian systems, and the insufficient state pension thesis to explain the rise of occupational pensions in systems with insufficient state pensions, particularly for higher income groups.

The low degree of private pension development under Bismarckian systems is commonly attributed to the goal of status maintenance, guaranteed by the earnings-related public pensions, thereby 'crowding out' private pensions (Øverbye 1996). The 'crowding-out' thesis postulates that Bismarckian pension systems, such as in Germany, are limiting the scope for development for private occupational pensions because state pensions provide sufficient earnings-related benefits. Moreover, it is assumed that the involvement of labour unions and employers in the self-administration of social insurance, common in Bismarckian schemes, minimizes their interest in establishing additional collective pension schemes.

The 'insufficient state pension' thesis suggests that Beveridge basic pension systems, particularly those 'lite' systems that did not develop a sufficient and mature earnings-related state pension (Myles and Pierson 2001), have the largest potential for occupational pension development. This was particularly the case in Great Britain, where an earnings-related supplementary pension system was introduced much later and employers or individuals were given the opportunity to 'opt out' from the state earnings-related system. However, in Beveridge 'plus' systems, such as in Sweden that introduced earnings-related state supplementary pensions at an earlier stage, the need for additional private or occupational pensions is more limited. However, it is not only government inactivity in the area of public pension system improvement that incrementally crowds in occupational and personal pension schemes. Labour union strategies and employers actions also require analytical scrutiny. Unions have tended to push for state pension improvement first, but when employers are willing to negotiate occupational pension in return for wage moderation, an opportunity for collective schemes emerges.

More recent reforms indicate however, that 'path dependence' in the sense of path stabilization may be overcome. *Path departure* becomes increasingly likely when more significant changes in the environment occur and the self-reinforcing mechanism provides sufficient resources for gradual adaptation. Here, the most relevant idea is of *open path dependence*, in which earlier decisions narrow the choice set but do not determine the next adaptive step. Path departure lies between locked-in inertia, when nothing effectively changes the basic foundation, and radical system change, when everything is built *de novo*. Yet between these extremes, path departure also entails various forms and often occurs through a variety of simultaneous processes (Streeck and Thelen 2005). First, there are long-term *gradual changes* that accrue over time to important reorientations (Pierson 2000). Second, a *functional conversion* effects explain transformation whereby the same institution serves a different purpose than initially intended (Thelen 2003). Third, *institutional layering* occurs through adding (new) institutional arrangements with divergent orientations (Thelen 2003). These different processes of change can be also observed for the development of pension systems. Moreover, the developments in the public pension pillar might be linked to those in the private pillars, particularly when the public pensions are scaled back and thus increase the need for private responsibility.

At the contemporary juncture of pension reform, there might be *path departure* in pension development such that laggards in multipillarization have recently fostered private schemes. To evaluate if pension policy has departed from its former 'path', we need to study the politically induced current transformation process but also scrutinize the effects of ongoing privatization from below. A multitude of comparative politics approaches attributed the success or failure of structural pension reforms to the 'veto points' provided by political institutions (Bonoli 2001) and the electoral competition between political parties (Immergut et al. 2007). In order to limit electoral repercussions, the 'New Politics' approach assumes that politicians use obfuscating or blame diffusing strategies through consensus building (Weaver 1986) or social pacts with unions and employers (Schludi 2005). These comparative political studies offer an explanation of the varying capacities for welfare state reform and also revealed the unintended consequences public policy could provoke in the responses of non-state actors. However, the comparative political analysis focused on the 'big' politically contentious reforms at the institutional level, whereas the gradual privatization advanced by collective actors and individuals remained largely neglected. These studies treated the development of occupational pensions rather as by-product of the politically induced reforms. We aim here to look more closely at the interaction between 'top-down' public reforms and 'bottom-up' responses by private actors.

2. The First Juncture and Path Dependence: Bismarck vs. Beveridge

While some company pension schemes predate state pension legislation, the introduction of mandatory public old-age insurance had an important impact on the subsequent public-private pension development. For understanding today's public-private mix, it will suffice to focus in respect to the first juncture on the final outcome of the early development of retirement income systems that survived (or were reformed) after the Second World War. Viewed with the benefit of hindsight, our analysis summarizes the result of a longer (and sometimes inconsistent) history from 1880s up to the 1950s. This first juncture, in our analysis, was posed by the fundamental decision to introduce either a Bismarckian social insurance for major occupational groups such as in Germany in 1889 or a basic pension for older people ('Beveridge' *avant la lettre*) before or around the First World War (Flora and Heidenheimer 1981).

We classify those pensions that are contributory schemes that pay earnings-related benefits and are mandatory for particular occupational groups according to the 'industrial-achievement' model (Titmuss 1974) as *Bismarckian* social insurance model. This definition entails three constitutive features: (1) it is a contributory social insurance paid by employers and employees (*parity principle*), (2) the benefits are related to former earnings (*equivalence principle*), and (3) it is mandatory for particular occupational groups, often organized into special schemes and self-administrated by these occupational groups (*occupational solidarity*). Although the Bismarckian pensions were providing limited benefits and restricted to some occupational groups, the later evolution led to more comprehensive coverage and benefits.

We group those public pensions that initially were means-tested benefits for the older poor but later developed into a universal basic pension based on citizenship rights as *Beveridge-type*. The British Beveridge report of 1942 tackling the giants of 'Want, Disease, Ignorance, Squalor and Idleness' had extended the idea of universal social benefits and public services as 'citizenship rights' (Marshall 1950). Beveridge assumed that under full-employment everyone (or at least every family breadwinner) would be able to gain income from work, and only those that could not work — for instance due to old-age — would receive basic subsistence. Constitutive for the Beveridge-model is: (1) a mandatory state pension for all citizens or residents (*universalism*), (2) the provision of flat-rate benefits (*basic pension*), and (3) financing through general taxes or non-credited payroll contributions (*publicly financed*). A major step was the removal of means-testing for the basic pension, though basic pensions have often means-tested supplements for those with no sufficient second tier pensions.

The decision to install an earnings-related contributory social insurance (Bismarck model) or a universal basic pension (Beveridge model) thus was the first crucial step in the long development of postwar old age income retirement systems. Decisions taken at this early juncture remained path dependent even through the immediate postwar reconstitution which reconfirmed and extended these early decisions in nearly all cases. Indeed, this path dependency prevailed despite two major world wars, the economic and political interwar crisis in many countries and the extension of mass democracies. Among the ten countries studied here, four Continental European countries remained on a Bismarckian path, while Britain and the Nordic countries embarked on a Beveridge course. Although the Beveridge reforms of 1942 were hotly debated on the Continent after the Second World War, only in one country, the Netherlands, can we observe a system change from Bismarck to Beveridge and in one other country, Switzerland, late pension development resulted in a mixed model.

Table 1: The first juncture: Bismarck vs. Beveridge

		Formation (before / around WWI)	Reconstitution (after WWII)	
Germany	**Bismarckian**	**1889** blue-collar 'invalidity' insurance **1911** white-collar pension insurance	**1949** restoration law (pre-war scheme)	**Bismarckian insurance**
Italy		**1919** blue-collar insurance **1939** white-collar insurance	**1950** no income limit **1952** two-tier pension	
France		1910 workers & peasants insurance	**1945** *régime général*	
Belgium		**1924** flat-rate pension (manual workers); **1925** earnings-related (white-collar)	1944/45 minimum flat rate pensions **1950s** change to earnings-related pensions	
Netherlands		**1913** old age insurance for workers	**1947** means-tested pension **1956** universal flat-rate basic pension	**Beveridgian (basic) pension**
Switzerland	**?**	1926 referendum, but 1931 law failed	**1948** universal earnings-related pension	
Great Britain	**Beveridgian**	**1908** means-tested flat-rate pension 1925 contributory old-age pension	**1946** basic old-age and widow pension (contributory but flat-rate benefits)	
Sweden		**1913** basic minimum pension with means-tested supplement	**1946** tax-financed basic old-age and widow pension	
Denmark		**1891** means-tested old age assistance	**1956** tax-financed basic pension	
Finland		**1937** general funded pension scheme	**1956** universal basic pension	

Source: Flora 1987: Appendix Vol. IV; Immergut et al. 2007; and country chapters this volume.

(1) The Bismarckian Path

The early introduction of an 'invalidity' pension insurance for workers in Germany was part of Bismarck's strategy to respond to the ills of industrialization and tie the manual workers to the new nation-state, while repressing the rise of the labour movement (Alber 1982). Before the First World War, the German pension system already entailed its constituting future features: mandatory social insurance schemes organized into and self-administered by broad social 'status' groups, with parity contributions. Special pension benefits for white-collar employees (introduced in 1911) aimed already at status maintenance, in line with the (non-contributory, tax financed) pensions for tenured civil servants (*Beamte*) which until today remain outside compulsory social insurance.

Other continental European countries such as France, Italy and the Netherlands were among the first countries to emulate the German social insurance model, albeit not as fast and as far reaching given their belated and more uneven industrialization. In comparison to Germany, Belgium, which despite early industrialization was nevertheless quite delayed in developing a Bismarckian pension. Although special schemes for seamen and miners existed before, old age and invalidity insurances were introduced in 1924 for manual workers (flat-rate pensions started in 1930) and for white-collar employees in 1925 (earnings-related pensions started immediately). By the Second World War, the occupationally divided Belgian pension schemes had become de facto flat-rate pensions, and only after several stop-and-go reforms during the 1950s earnings-related pensions were re-established for manual workers and for salaried employees.

In contrast, Italy, which experienced industrialization comparatively late, introduced a social insurance in the interwar period for blue-collar workers (1919) and added under the Fascist for white-collar employees under the Fascist regime (1939). As a new nation-state, Italy also developed favourable special schemes in the civil service and public sector. Although there had been attempts to replace this *occupazionalismo* by a more universalist social security system, these postwar efforts failed due to the still large agricultural labour force, small craft and commercial shops, a political patronage tradition and a semi-feudal regime in the South, This led instead to particularist–clientelist Italian 'pensioner state' (Ferrera 1996).

In France, a contributory statutory 'workers and peasants pension scheme' was installed in 1910 with rather small pensions. Not before the import of the German schemes in Alsace and Lorraine after the First World War, that the Bismarckian model became more institutionalized in France. Despite the centralist state approach, the development of French social security is characterized by a strong corporatist tradition (Korpi 1995). Parafiscal schemes, rather than the state, are the main guarantor for old age security (Niemelä et al. 1996). Despite a debate on the Beveridge report, French policy makers rejected most of these ideas and reconstructed a social security system in 1945 with a statutory pension scheme (*régime général*) that offered basic provision for blue- and white-collar employees. When the general system was set up different occupational groups such as civil servants, self-employed and farmers who have already had their own schemes for several years insisted on maintaining their privileged separate systems. Due to a rather low ceiling on pensionable earnings, labour market organisations were encouraged to create supplementary schemes based on agreements between the social partners leading to the installation of AGIRC, an occupational supplementary pension scheme for private sector executives.

(2) The Bismarck to Beveridge Path

Two exceptional cases of pension development stand out on the Continent: The Dutch and Swiss. The Netherlands, switched from Bismarckian corporatist to Beveridge-type basic pensions. An important feature of the Dutch society has been its cleavages along ideological and religious lines. Each of these groups had its own school systems, civic organisations and voluntary social security arrangements until the first public pension scheme for manual and white-collar workers was introduced in 1913 strongly influenced by the Christian groups but it was characterised by low coverage and small benefits. However, the Netherlands did not stay with its Bismarckian pension system after the Second World War, indeed the exile-government in London was strongly influenced by the Beveridge model. A means-tested pension was introduced by the Emergency law for everyone over 65 independent from the previous employment record, thereby switching towards a basic pension model. Eleven years later, the provisory was replaced by a universal flat-rate basic pension (AOW) completing the transition into a Beveridge pension system. However, long before the basic pension was legislated the private industry had introduced voluntary pensions by individual firms or sector agreements. As benefits from and coverage by the public pension scheme had been rather low, these occupational pensions developed and expanded in order to satisfy the social needs. Legally binding pension schemes were introduced in several industries in 1949. When the statutory basic pension was introduced policymakers had to solve the issue of how to treat wage earners already covered by occupational pensions, leading to the tight coupling between public and occupational pensions. Occupational pension rights only accrue for income above the AOW gross benefit and if public pensions decrease occupational pensions have to complement this gap (Anderson 2007).

Due to its decentralized political system and uneven industrial development, Switzerland was the other Continental country with a rather exceptional development. Although political efforts for a public pension scheme existed since the late 1880s, the first referendum on old age security at the Federal level was passed in 1926 but the subsequent pension legislation failed. No final decision was made until the referendum of 1947 that led to the introduction of a mandatory public old age provision as of October 1948 that embraces Bismarckian earnings-related social insurance and Beveridgian universal basic pension principles. The contributory, earnings-related pension scheme (AHV-AVS) applied to all residents. Yet, the difference between minimum and maximum benefits is insubstantial, thereby leaving much space for occupational and private pensions. Moreover, the lack of public old age provision until 1948 had fostered the early expansion of occupational pension plans, thus a quarter of the population had already been covered by these private plans.

(3) The Beveridge Path

Although the German contributory social insurance scheme has been discussed at the time, Denmark decided as early as 1891 on means-tested, tax-financed 'relief' for people above 60 years in the tradition of the poor laws which emphasized poverty alleviation and the maintenance of a minimum living standard. In contrast to Germany, Denmark was a more agricultural society with only a small industrial workforce. Therefore the first pension primarily reflected farmers' interests (Niemelä, 1996). Denmark's tradition of a tax-financed public basic pension was renamed an old age pension in 1922 and reconstituted for people above 65 in 1946. Finally, it was expanded into a universal (but earnings-tested) National Pension in 1956 under a Social Democrat-led government. At the same time the attractiveness of private (occupational and individual) pensions increased through the introduction of generous tax incentives (Green-Pedersen 2007).

In Great Britain, a Bismarckian social insurance was also refuted after long political debates between Liberals and Conservatives, industrial and rural interests (Baldwin 1990). Despite Britain's flourishing 'friendly societies', poverty in old age became a pressing problem especially for the less skilled. In 1909, the Liberal government introduced a non-contributory, flat-rate, and means-tested pension financed by general taxes. Although contributory National Insurance was later introduced for health insurance and unemployment as well as a contributory pension for 'early' retirement at 65 in 1925, the constitutive element remained the basic pension. The Beveridge reform of the old age and invalidity pension in 1946 provided relatively low benefits. But neither poverty was eradicated, nor were the pensions sufficient for skilled workers and white-collar employees to maintain their living standard in old age, thus leaving much responsibility for private initiative.

Sweden also rejected Bismarckian social insurance proposals (opposed by farmers and employers), enacting in 1913 a universal, tax-financed 'people's pension' for 'all citizens regardless of class or income' (Baldwin 1990: 83), though it also contained a means-tested supplement. In the interwar period, the financing principle was changed from funding to pay-as-you-go and the eligibility criteria were expanded. In the 1940s first discussions started about complementing the basic pension with an earnings-related pension. However, after the Second World War, the flat-rate pension remained largely unchanged in Sweden, though it was restructured in 1946 into a more generous universal pension.

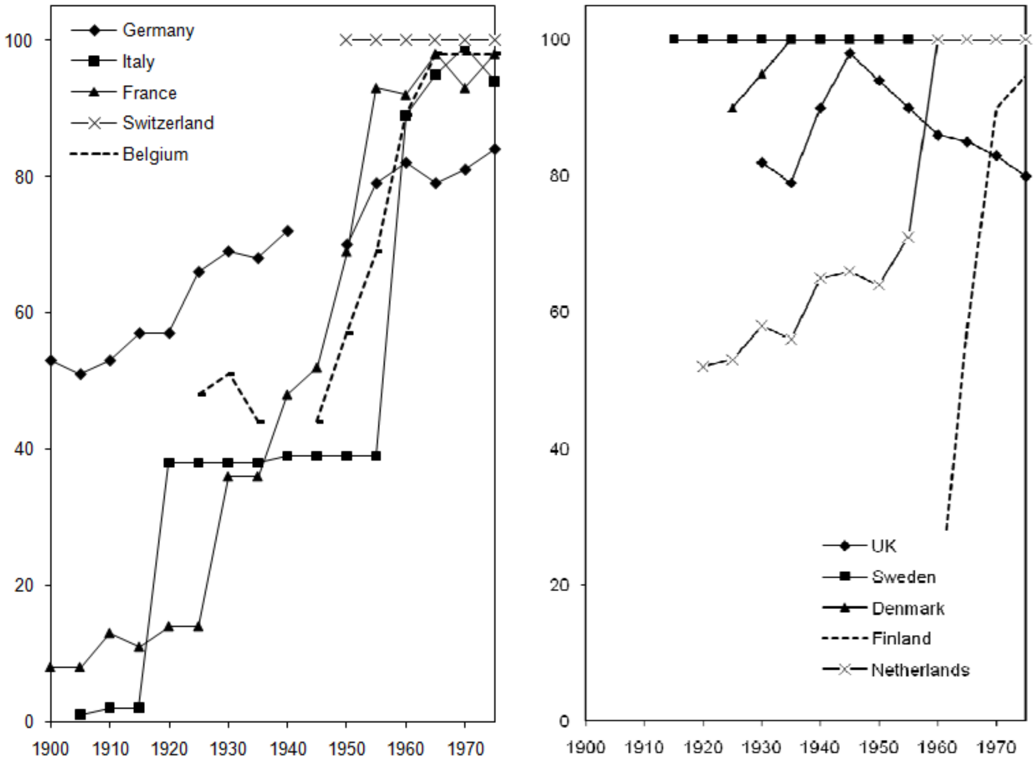
The agrarian social structure in Finland substantially influenced early social policies. The Finnish farmers blocked the implementation of an insurance scheme demanded by industrial workers and instead propose a universal pension scheme. Heated debates between Conservatives, who favoured a savings-based fully funded system, and Social Democrats, who preferred a tax-based PAYG system, preceded the introduction of the first public pension system in 1937. The final compromise between the agrarians, Conservatives and Social Democrats was a nearly universal, premium based, funded system with tax-financed supplements. After the war, pension fund assets were used to build up the economy and infrastructure. Low benefit levels, the exclusion of the majority of the elderly from receiving benefits due to the long maturation period and the fear of postwar inflation led to the revised National Pension in 1956. A universal, contributory, pay-as-you-go basic pension was established, complemented by an income-tested flat-rate supplement for people in employment, thereby fostering universalism and equality but reducing the national pension funds financial contribution.

(4) Policy Diffusion Revisited

The first legislations on old age pensions have partly been influenced by policy diffusion. The first old age social insurance reform in Bismarck Germany in 1889 was discussed widely in other European countries facing similar problems caused by industrialization (Flora and Heidenheimer 1981). On the continent, the Bismarckian pension model spread more easily due to similar economic and political conditions in Belgium, Italy, the Netherlands and France, though only after the First World War, while Switzerland was not able to legislate such reforms before 1946. In Scandinavia, the Bismarckian reforms were also discussed but more home grown solutions developed (Kuhnle 1981). Denmark was the first to innovate in 1891 with its own old age pension but followed its own domestic model: a non-contributory means-tested pension for all poor people (including workers and farmers). Similarly, Sweden followed in 1913 and Finland in 1937 in legislating universal means-tested old age pensions with mandatory contributions (Kuhnle 1981). Also in Britain, the German model was discussed but a more home grown old age pension was legislated by the Liberal government in 1908, though an additional contributory social insurance scheme was introduced in the mid-1920s. Thus in the first wave of pension innovations the influence of Bismarckian principles was limited to few Continental countries and occurred after longer political digestions period, while Britain and the Scandinavian countries innovated their poor law tradition by pre-Beveridge means-tested basic pensions.

The period of postwar reconstruction led to some policy conversion due to policy diffusion but also similar problem load after the war. The Beveridge Report was widely discussed in postwar Europe. For instance, some Dutch and French politicians had lived in exile in England and brought the concept of universal pensions for all citizens back to their home country. However, in all Bismarckian pension systems with the exception of the Netherlands and Switzerland, only gradual changes towards a more inclusive coverage were legislated. The Netherlands remains a particular case, partly due to the new policy ideas of universal pension rights that was finally legislated in 1956, but also as a result of the path-dependent ad hoc policies (means-tested pensions in 1947) born out of the immediate postwar exigencies. The universal contributor pension in Switzerland was less an explicit Beveridge-oriented reform but sought to be as inclusive to find a wide majority in the referendum, including support in rural cantons. Among the Scandinavian countries, Sweden was the first to abolish the means-test and introduce a truly Beveridge-type universal basic pension, Denmark and Finland followed in 1956.

Fig. 1: Coverage rate of state pensions (% labour force), 1900 – 1975



Sources: Flora et al. (1983): I.7; Scruggs (2005): Finland: legislated occupational pension.

(4) The Path Dependent Extension of the Two Paths

The first juncture in the public-private pension mix in these European welfare states was the decision for a Bismarckian or Beverdige-type pension. This historical decision occurred before the 1950s for nearly all countries except Switzerland and the Netherlands. Continental European countries (Germany, Belgium, Italy and France) institutionalized Bismarckian pensions long before 1945 and then reconfirmed this decision thereafter, whereas Britain and the Nordic countries (Denmark, Sweden, and Finland) installed Beveridge-type basic pensions and then extended these afterwards. The Netherlands remains the main exception in switching from a Bismarckian tradition to a Beveridge basic pension, while Switzerland was late in introducing what was a mix of universalism with earning-related benefits.

The difference between Bismarckian old age insurance and Beveridege-type basic pension is also evident from the expansion in coverage. The former schemes are only partially and stepwise inclusive as they extend to ever more occupational groups, whereas by definition the latter universal schemes extend to all citizens (or residents). Figure 1 provides the long-term development of coverage of public pensions in relation to the labour force across these European countries from 1900 until 1975 (Flora et al. 1983). Given the occupationalism of social insurance, coverage in Bismarckian countries remained initially lower than for basic pensions that extended to the entire population. Among the Bismarckian systems, Germany had the highest coverage rate (above 50%) already before 1914, covering all blue-collar and white collar employees outside agriculture, and increasing over the interwar period to more than two thirds of the working population, followed by the Netherlands with the second highest level of old age insurance coverage during the interwar period. Italy and France were much later in extending their bases of insured groups beyond one fifth, after the First World War in Italy and in the 1930s in France. , While France and Italy increased coverage by extension to all groups of employees and the self-employed, Germany and the Netherlands increased the level of coverage only partly in the immediate postwar period. Among the Beveridge-type pension systems, coverage in Sweden, Denmark, Finland, the Netherlands (since 1957) and Switzerland (since 1948) is all inclusive with the exception of the UK, were contributory national insurance coverage varies across time and the Finish statutory occupational pension that was stepwise introduced during the 1960s in addition to the universal basic pension.

3. The Second Juncture: Postwar Public or Private Income Maintenance

Economic growth and increasing wages in the late 1950s inspired the debate about extending social security in order to find a solution for the growing gap between living standard during employment and retirement income. Thus, the concern for *income maintenance* in old age became the dividing issue of the second juncture in the evolution of the public-private pension mix. According to the crowding-out thesis, we would expect that to the degree that European welfare states developed generous basic pensions and/or earnings-related social insurance, occupational pensions played a less important role after the Second World War (Esping-Andersen 1996; Kangas and Palme 1996). These different choices in social solidarity, however, had important consequences for the emergence of a second system of supplementary pension either as part of a second state pensions or left to occupational pensions. However, semi-public collective schemes negotiated by the social partners or mandatory occupational pensions assumed the function of public second-tier pensions in France, Switzerland, Finland and the Netherlands, while negotiated supplementary pensions became common in Sweden, and later in Denmark, very recently in Belgium and Germany.

Table 2: The second juncture (1950s-1980s): Bismarck vs Beveridge, Plus or Lite

	State Pension			Private Pension	OP
Germany	**1959** expansion (equivalence, PAYG) 1972 further social rights	Bismarck	plus	Occupational pension: topping up 1972 occupational pension regulation	L
Italy	**1960s** expansion of pensions, minimum pension, public debt			Occupational pension secondary, but **1982** end-of-service pay (Tfr) by law	L
Belgium	1944/45 minimum flat rate pensions **1950s** earnings-related pension			1985 regulation of OP	L
France	**1945** régime général:flat-rate		lite	1947 CA (cadres); 1961 CA (workers) **1972 mandatory** semi-public **OP***	H*
Great Britain	1959 graduated pension **1975 second pension (SERPS)**	Beveridge	plus	**1979 opt-out OP** **1986 opt-out PP**	M
Sweden	1946 tax-financed basic pension **1960 second pension (ATP)**			**1976 CAs-: four major OPs**	(M)
Netherlands	**1947** means-tested pension **1956** universal flat-rate basic pension		lite	**1947 erga omnes CA**	H
Switzerland	**1946** universal earnings-related pension			**1985 mandatory OP**	H
Finland	1957: basic pension, 1980s reforms,			**1961-66** OP becomes **mandatory** (funding within statutory pension)	L
Denmark	**1956** tax-financed National Pension 1960 only flat-rate ATP **supplement**			Widespread voluntary OP: income maintenance	M

Source: Flora 1987: Appendix Vol. IV; Immergut et al. 2007; GOSPE-Project country chapters.
Notes: CA: collective agreements; L= low; M = medium; H = high; *unfunded

(1) Bismarck plus and crowding out

The aim of status maintenance attributed to Bismarckian pensions was closely tied to the German postwar pension reform of 1957 that introduced a new formula, increased contribution rates, and most importantly changed from funded to PAYG-financing, allowing to provide better benefits to current pensioners, including the refugees from the East. After German unification in 1990, these PAYG-pensions allowed the honouring of pension rights accumulated by East Germans under the state-owned economy. This meant financing a large share of transition costs through social insurance contributions but it also led to massive pressures on labour costs. Until recently, occupational pensions provided by many large firms (often on a book reserve basis) and negotiated public sector pensions were supplementary benefits that 'topped up' Bismarckian pension benefits, allowing to attract the better skilled employees. These pensions were largely unregulated until 1972, and remained rather neglected by German social policy making.

Moving somewhat towards a Beveridge-orientation, in the 1950s Italy introduced two tier benefits (flat-rate plus earnings-related) and a minimum pension for those without sufficient contribution records. The poverty problem became a pressing issue again in the 1960s and in response social funds were allocated for improved minimum pensions. The expansion of pension insurance to agricultural labour and the self-employed had also helped in reducing poverty. With the exception of public sector employees and banking, special occupational pensions were not common in Italy until government efforts sought to foster private pensions since the 1990s. However, a functional substitute to occupational pension is the „end-of-service pay' (*trattamento di fine rapporto* or Tfr), an accumulated portion of wages that is paid by the employer as a lump-sum severance pay upon exit from work (Di Biase *et al.* 1997). First common as a deferred wage in collective bargaining, the Tfr was made mandatory for all employers in 1982.

Similar to the other Bismarckian systems, the Belgian public pension pillar has been expanded in order to achieve the goal of status maintenance. A series of reforms implemented in the 1950s reinforced the equity principle by tightening the link between entitlements to welfare benefits and past labour-market performances. Two other important measures were introduced in 1968. First, the separate pensions for private sector blue- and white-collar employees were merged into a single pension system, though separate schemes for civil servants and the self-employed continue to exist. Second, the guarantee of basic, means-tested assistance for persons not covered by any of the compulsory schemes was introduced. In the arena of private pensions, there has been an extensive development of negotiated occupational pension schemes. Mutual benefits funds, group insurance schemes and firm-based occupational pension plans have multiplied since the 1960s, though most have largely focused on white-collar employees.

(2) Bismarck-light and crowding-in

The improvement of benefit levels and the expansion of coverage have also been on the political agenda in France. In the French case, these have focused attention most heavily on national occupational pension schemes. Next to AGIRC for managerial and professional 'cadres', a second national occupational pension scheme, ARRCO, was established for the majority of private sector employees in 1961 and the participation in these schemes has been made compulsory by state extension in the same year. Thus for the private employees, the mandatory first tier pension is supplemented by a quasi-public occupational pension that is however also a pay-as-you-go system as in the first tier.

(3) Beveridge-plus early or late and partially?

Among the Beveridge-type systems, the most exceptional development was the introduction of a second-tier earnings-related state pension in Sweden. The blue-collar union movement had called for a statutory superannuation scheme similar to the one that many white-collar employees enjoyed from company pension plans. The Social-Democratic government realized that, although manual workers were in favour of their proposal, the 'white-collar wage earners, in turn, were the wild card in the hand played for superannuation' (Baldwin 1990: 215). After a popular referendum on the issue in 1957, the break-up of the Left-Agrarian coalition, electoral gains into white-collar votes by the Social-Democrats, and a one-vote majority in parliament, a supplementary compulsory pension scheme (ATP) for all wage earners (and self-employed with contracting-out option) was legislated in 1959. Yet at that time, white-collar unions had negotiated occupational pensions, and the blue-collar unions followed in 1970s, developing supplementary pension PAYG-financed by employers' contributions, though it was turned into a funded scheme in 1996. In the public sector, there are two other major collective schemes which have been negotiated for the central government and local public sector. The other Beveridge-type systems did not move as far as Sweden in earnings-related supplement pensions. These systems were either late or incomplete in adding supplementary state pensions, thus leaving more space for private pension development.

At the same time of the Swedish ATP-reform, a 'graduated' (earnings-related) pension scheme was introduced in Great Britain (1959). However 'the need to resolve with one blow the subsistence and superannuation issues' (Baldwin 1990: 211) limited the contributory 'graduated pension'. This insufficient supplementary scheme led many white-collar employees and some skilled workers to abstain from 'contracting in'. Instead they relied on their more favourable occupational company pensions. With increasing inflationary pressures since 1973, the low flat-rate and insufficient supplementary state scheme required government action, leading finally to a reform in 1975. The graduated scheme became wounded up in 1978 with the phasing-in of the mandatory 'supplementary earnings-related pension scheme' or SERPS (Lynes 1997). The contribution to this second pension are paid by the employer, who can also decide to contract out of this general pay-as-you-go scheme and join an occupational pension if it offers at least a 'guaranteed minimum benefit'. Except for the civil (and armed) services which have special schemes (non-contributory, tax-financed, and non-funded pensions), a larger share of wage earners (including public employees without civil servant status) had joined occupational pensions and most were in opt-out schemes in the 1980s.

(4) Beveridge lite and crowding in

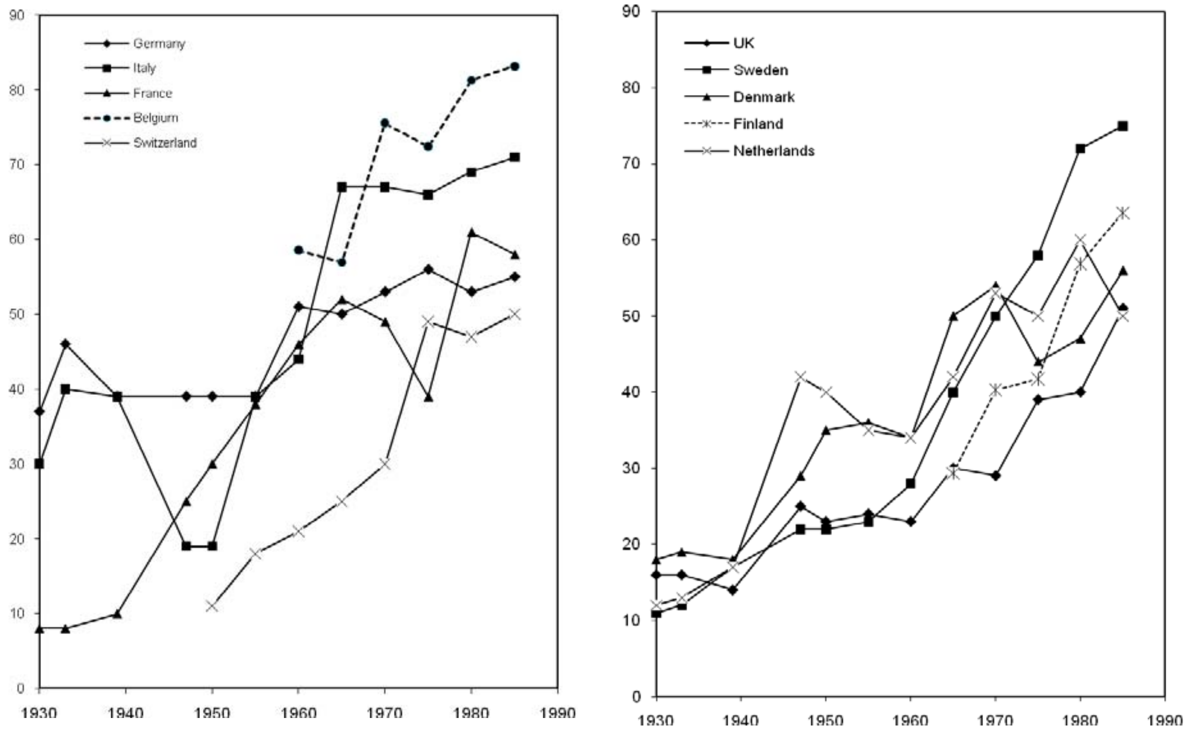
Beginning in the early post-war period the Dutch society had become more secular and the societal division less important which made the development and expansion of the national social security system easier (Niemelä et al. 1996). During this time, public pension benefits and coverage were improved. However, in the Netherlands, much like in Denmark ,the role of the public pension pillar was mainly to provide a socially acceptable minimum income for everyone and not to provide earnings-related benefits. The Dutch pursued the goal of income maintenance by combining the generous public pension with the private occupational pensions through linking the defined benefits of the second tier to those of the first tier.

Switzerland is not only a hybrid between Bismarck and Beveridge, it is also *the* multipillar pension model. During the postwar years,, the public pension pillar was gradually improved with regards to benefit levels and eligibility criteria. However, due to the fact that pension benefits, in contrast to pension contributions, are only related to earnings between a narrow lower and an upper income ceiling, pension income from the public pillar resembles more a basic pension. With nine reforms of the AHV/ AVS pension scheme between 1951 and 1976, the Swiss public pillar went through a comparatively high number of reforms. An attempt by the Communist Party to reform pensions in a Bismarckian manner failed as the right-of-centre government reacted with a counter-proposal favouring a multipillar solution.The right-of-centre government prevailed by suggesting that occupational pensions will be made mandatory for all employees. Due to this manoeuvre their reform proposal won the national referendum in 1972. However, the mandatory occupational pensions (*Obligatorium*) was delayed until 1985, due to legislative debate concerning the economic problems and uncertainty about the impact of such compulsion (Queisser 2000).

Finland is a hybrid multipillar case since the 1960s when occupational pensions were legislated, yet they remain administered by the social partners and partially funded through the private insurance sector. The expansion of the Finnish old age security system beginning in the 1960s focused primarily on the occupational pension pillar, while the public pension did not experience any larger reforms since its introduction in 1956. Since the late 1950s, a rapid growth of occupational pensions can be observed but coverage rates remained comparatively low because white-collar workers in big companies were integrated in the same plan and these were mostly bound to a specific employer. To advance guaranteed pension portability and extended coverage, especially for blue-collar workers, the trade unions demanded a legislated compulsory scheme. The employers' federation concluded that it was better to cooperate and suggested a legislated but decentralized partly funded scheme managed by private insurance companies. In 1961, employment-related second tier pensions were fully legislated and made mandatory for all private sector employees and short-term employees, followed by systems for municipal (1964) and state employees (1966) both pay-as-you go systems, and finally by farmers and the self-employed (1970). The targeted first-tier pension is income-tested against other pensions, including the second-tier occupational pension, reinforcing the important income function of the latter.

The Danish 'golden years' of welfare development are characterised by two major trends following strong economic growth and full employment. First, there was a gradual extension and improvement of the existing National Pension. Extensive changes were made to the scope of coverage, entitlement rules (dismantling of means-test) and benefits. Second, the importance of private occupational and personal pension schemes increased over time. The attempt to create a statutory earnings-related pension, akin to the Swedish model, was not successful. In 1964 a statutory funded pension (ATP) was introduced as a reaction to the demands of the blue-collar workers' union (LO) to supplement the basic National Pension, but this scheme remained rather limited as contributions were based on working hours and not income. This was consequential particularly for middle and higher income groups. The ATP pension did not provide a sufficient supplement to maintain the former living standard during retirement. Moreover, most groups were already covered by occupational pension schemes. Therefore the process of public pension expansion occurred parallel to an increased importance of the market to cover the demand for income maintenance. This resulted in a two pillar pension system with a relative generous public basic pension and private voluntary supplementary pensions

Fig. 2: Replacement rates of statutory pensions (%), 1930 – 1985



Source: Palme (1990), except Belgium, Finland: Scruggs 2005.

(5) Crowding out / in revisited

The analysis of the second juncture reveals the different paths toward income maintenance through public or private means. After the introduction of a Bismarckian or Beveridge-type pension and its postwar reconstitution, the subsequent step was the general expansion in scope and benefits and the rise of supplementary schemes to fill the gap left by less generous statutory pension benefits, with long-term consequences for the development of occupational pensions (see figure 2). The Beveridge-type welfare states, despite efforts to introduce social insurance elements, had first introduced a basic flat-rate pension scheme for all citizens, while the Bismarckian systems institutionalized an earnings-related social insurance based on occupational groups.

The basic decisions concerning public pensions (basic vs. earnings-related pensions) entailed important consequences for occupational pension development. Given the low flat-rate basic pension and the 'opt-out' option of the incompletely developed superannuation schemes in Britain, the developmental niche left to non-state pensions was largest among the four Beveridge-type basic pension systems. Sweden, on the other hand, indicates that superannuation in combination with a basic pension system can take a different route, especially when trade unions of blue and white-collar workers have the power to press and negotiate statuary supplementary and collective occupational plans.

In the Bismarckian social insurance systems, occupational pensions never assumed such an important role for old age income, nevertheless many employers provided occupational schemes in Germany and end-of-service payments in Italy. Today, all governments propagate private pension funds as a solution to the long-term financial problems of the pay-as-you-go public systems, but whether such second-tier systems can actually fill the gap remains to be seen. Indeed, one needs to take a closer look at the interaction of coverage and benefits, as well as other aspects of occupational pensions to understand the functional logic and the stratification impacts of private pension solutions.

4. Third Juncture: Institutional Change and Path Departure

European welfare states have grown to their limits (Flora 1986), given rising mass unemployment, increased early-retirement and inflationary pressures following the first oil crisis in 1973 and in conjunction with the on-going ageing of societies have caused increasing public deficits. The international organizations and economic policy community has put on the agenda the economic and demographic problems challenge the financial sustainability of public pension systems. A paradigm change occurred from Keynesian pro-welfare state to Monetarist supply-side oriented economic policies (Hall 1993). As early as 1972, Friedman in a lecture series sponsored by the American Enterprise Institute advocated for switching from PAYG to funded pensions.

Of particular world-wide impact on reform debates was the example of the Chilean pension reform of 1980 that indeed switched to funded pensions. The US Social Security reform of 1983 under the Reagan administration, which phased in an increase in retirement age, provided impetus for similar reform efforts in Europe. Most importantly, the Thatcher government attempted to undo the SERPS but was politically only capable to a partial transformation (Pierson 1994). The 1986 reform cut back SERPS benefits, introduce phased in later retirement age for women, and allowed a contracting-out option to individuals. Thus individuals were allowed to switch from the public DB supplementary pensions (with PAYG financing) to funded DC personal pensions in addition to the opt-out that was already granted to firms for their occupational pensions.

International organizations were crucial in promoting the conception of a population ageing problem as a global policy challenge ever since the 1980s. Early studies by the OECD (1988) on Ageing Populations and International Monetary Fund (1986) on Aging and Social Expenditure in the Major Industrial Countries lead to the first widely discussed OECD report was Reforming Public Pensions (1988). Following the added challenges of the new transition economies, the World Bank became a major player in promoting pension reform, most prominently in the report (1994) Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth which advocated the Chilean mandatory funded DC model and dismissed the current public PAYG DB systems. The World Bank had a strong policy influence in the new transition countries, particularly during the first phase of market-oriented reforms (Holzmann et al. 2003; Orenstein 2008). The International Labour Organization provided a more balanced view (Gillion et al. 2000), allowing more policy options. Also the World Bank increasingly provided a more open menu, taking into account the gradual transition toward a multipillar pension system (Holzmann 2000) and the implementation of pension reforms proved rather varying in Central and Eastern Europe (Müller 2001).

For the advanced economies of Western Europe, the World Bank, IMF and ILO were less influential in affecting reform debates; instead the OECD and the EU are more relevant transnational actors. By 1999, 18 countries had worldwide introduced major reforms concerning private funded pensions over the last two decades, including five Western European countries, though these were mainly the multipillar systems of Britain, Switzerland, Denmark, the Netherlands and Sweden (Brooks 2005). Since the 1990s, the OECD took on a leading role in reports on ageing and public pension reform, reversing early retirement, and regulating private pensions. Also the OECD had advocated more liberal labour market reforms in the Jobs Study of 1994, the European Union's European Employment Strategy developed a more nuanced policy that led to the Lisbon Strategy to promote employment growth, advocating an increase of employment rate among older workers (Casey 2004).

The run up to the European Monetary Union (EMU) of 1999/2001 provided also a major impetus to solve the public debt problem in view of the Maastricht criteria of 60% public debt threshold, a particular challenge to Belgium and Italy with high public debt. The EU's open method of coordination was extended to pension and social inclusion, aiming at sustainable and adequate pensions, though the policy goals reflect a tension between the economic concerns of the economic and financial ministers and the more social concerns of the Social Policy Committee. In contrast to the employment policy, the OMC pension process remained less influential, reflecting the more diverse institutional conditions and less unified policy goals. Although one can observe a convergence in reform policies across Europe 'it is probably the result of both EU recommendations coinciding with the concerns of important political actors and the diffusion of these policy priorities form the Member State level to the EU level' (Anderson 2002: 281).

Table 3: The third juncture: Path departure?

	State Pension	Occupational & Personal Pensions	
Great Britain	**2002** reform of SERPS into S2P **2006** phasing in age 68	**1995** regulation of OP **2001**: Stakeholder Pension (PP)	**Mature multipillar**
Switzerland	**2003** failed pension reform	**1985** mandatory OP **1994/2003** regulatory changes	
Netherlands	**1990s** suspension of indexation of benefits **1997** tax-financed AOW reserve fund	**1997** OP regulatory framework + expansion of coverage **2006** further improvement of OP regulation	
Denmark	**no reform** of national pension possible, except 'special pension' PP	**1991** collective OP (metal), sector and firm OP **1997/8** mandated PP (Special Pension as part of public pension pillar)	**Hybrid**
Finland	**1990s** earnings-test against income from other legislated pensions	**1990s** gradual cut backs in mandatory occupational pensions, increased funding; efforts to increase personal pensions	
Sweden	**1994/9** Income Pension (NDC); means-tested Guarantee Pension, benefit cut backs	**1999:** mandated PP (part of SP); Collective OPs change to DC	
Germany	**1990s/2000s** reduction of state benefits; phasing in age 67	**2001/4** voluntary PP (Riester); Collective OP fostered	**Dominant Public Pillar**
Italy	**1990s** NDC, phasing in age 65, harmonisation of private sector and public sector schemes, reduction of income maintenance role	**2000** tax incentives for voluntary private pensions **2004/5** compulsory Tfr transfer to OP	
Belgium	**1990s** parametric reforms of SP	**1995** regulation of OP **2003** collective OP fostered	
France	**1993** reform of private sector scheme **2003** reform of private and public sector schemes	**1990s** agreement on OP reforms **2003** voluntary personal pension (PERP)	

Notes: NDC: notional defined contributions; PP: personal pension; OP: occupational pension; BP: basic pension
Source: Immergut et al. 2007; GOSPE-Project country chapters.

The new pressures and challenges translated into different problems depending on their existing public-private pension arrangements and governance institutions. This affects the pay-as-you-go systems, predominant in the Bismarckian pension systems as well as most of the countries with Beveridge-type systems. Yet retrenchment policies in the 1980s and early 1990s were introduced gradually, but even more radical approaches to reshape pension systems were constrained by the specific institutional structure already in place (Natali and Rhodes 2008; Pierson 1994). In particular, pay-as-you-go systems are seen as resistant to change if compared to a funded private pension system, given the double-payer problem of current payers that have to honour the acquired rights of current pensioners and save for their own future benefits (Myles and Pierson 2001).

We can distinguish three public-private pension configurations and subsequent problem loads: those of mature multipillar systems (Britain, the Netherlands and Switzerland), those of Nordic pension systems with hybrid privatization tendencies, and the Continental dominant public pension systems. Countries with developed multi-pillar pension systems such as Switzerland, the Netherlands and Great Britain were mainly concerned with the improvement of the regulatory framework for private pension pillars under the new economic conditions. The Nordic countries combine universal public pensions with specific second tier pension systems that represent very hybrid multipillar solutions. Countries with an expensive PAYG Bismarckian pension such as Germany, Italy, Belgium and France engaged in introducing new pillars of occupational and/or personal pensions, while fostering cut backs in the public pension pillar. There are two concerns guiding recent pension reforms in respect to private pillars: How to regulate and govern occupational and personal pension schemes? And second, how to introduce private pension schemes and establish a multi-pillar system? Within each group of countries dealing with the same issues, somewhat different policy solutions can be detected that reflect the specific institutional design of the pension pillars.

(1) Reforming multi-pillar systems: Regulation of private pensions

In Great Britain, the Conservative government aimed in the mid-1980s to shift pension responsibility onto private actors. However, the efforts to turn the recently installed supplementary scheme (SERPS) from a pay-as-you-go to a funded system faced opposition due to the 'double-payment' problem: 'Employees (and employers) were asked to continue making National Insurance contributions to pay for current retirees while making mandatory contributions to private schemes to fund their own retirement' (Pierson 1994: 61). Heeding the concerns of the middle-class electorate, large-scale employers, and pension fund managers, the government adopted a gradual strategy, phasing-in diminished SERPS benefits and furthering opting-out to occupational and private plans in the hope for a 'withering away of social insurance' (Erskine 1997: 140). With these reform measures, the British pension system returned to its liberal roots by emphasizing individual responsibility and the market as social security provider.

With increased importance of occupational and personal pension, regulatory issues came to the fore. The 1995 Pension Act, following the EU rulings on equal treatment in private pension, phased in equal pension age of 65 over the next two decades. It also established minimum solvency regulations for occupational pensions following the public outcry generated by the pension fund loss resulting from the Maxwell conglomerate bankruptcy. Coverage of private pensions among lower-income groups remained relatively low due to the high cost of personal pension plans. For this reason, the New Labour government introduced a more affordable Stakeholder Pension Scheme in 2001. It also reformed the SERPS into a state second pension (S2P) in 2002 incrementally introducing flat-rate benefits for earnings above a certain threshold. Moreover, employers increasingly turned DB into DC schemes, thus ever more people will receive DC benefits depending on personalized financial risks (Bridgen and Meyer 2005). The reforms of the 2000s were mostly targeted with the goal of improving the regulatory framework of the existing second and third pension pillars and the strengthening of the poverty alleviation function of the public pension pillar.

In the Netherlands, the government reacted to the increasing financial pressures by suspending basic pension increases in the 1980s and making them dependent on economic development in the 1990s, leading to a real value decline in benefits. Besides resentment among pensioners, the social partners and pension fund managers vehemently criticised the suspension of benefit increases, especially due to benefit coupling, and occupational pensions were forced to compensate for basic pension decreases. However, this increased pension fund costs but it also increased the predictability of benefit expenses. Following pressures from the government in 1997, occupational schemes that allowed early retirement were transformed from pay-as-you-go DB to funded flexible DC pensions, lowering the financial incentives to exit from work early (Rein and Turner 2001). Since the mid-1990s occupational pension funds also shifted to individual 'franchise', that is de-coupled from basic pension benefits.

In Switzerland, as a consequence of the broad agreement about the functionality of the existent three-pillar pension system, the public pension pillar did not experience a major restructuring process in contrast to most other European countries. The plan to cut back public pension benefits failed in 2003. More significant reforms were launched with regard to the occupational pension pillar. In 1994, the portability of pension rights was improved in order to adjust to growing labour market mobility. Another reform step carried out in 2003 included the adaptation of occupational pension benefits to increasing life expectancy. The extension of coverage for atypical workers was rejected, but instead, the earnings threshold which opens access to mandatory occupational schemes was lowered and coverage thereby expanded.

The analysis of recent reforms in these *developed multipillar* systems (Great Britain, Switzerland and the Netherlands) shows that the problem load was largely a result of unintended consequences created by mature multi-pillar systems. Recent socio-economic changes such as the increase in atypical employment and unstable financial markets brought about 'new social risks' (Bonoli 2006) that the private pension pillars were unsuited to cope with. The reform responses since the 1990s can be described as path dependent incremental adaptations to the changing socio-economic environment. The improvement of supervisory measures, the expansion of occupational pension coverage and the adoption of pension rights to more flexible labour markets aim to support the survival of the multi-pillar model. The financial market crises of the 2000s have put particular stress on funded pension systems, especially in situations where the share of equities has been relatively high.

Whereas regulatory measures were introduced by the state, the increasing shift from DB to DC schemes in occupational pensions can be characterised as changes 'from below' introduced by non-state actors and passively facilitated by the inactivity of state actors, what can be labelled as '*policy drift'* (Hacker 2005). Often unobserved by state actors, the employers, company by company, abdicate their former responsibility to guarantee certain defined benefit levels due to increased competitive pressures and financial problems. As long as the state does not interfere, this might lead to significant changes in the original social security function of occupational pensions by shifting responsibilities and risks to the individual.

(2) Incomplete multipillarization – The Nordic cases

Denmark is the latecomer in developing a multi-pillar pension system. Danish occupational pensions did not play a substantial role in retirement income until the late 1980s, partly due to its generous tax-financed basic pension. Pension system changes have been introduced gradually from below, as evidenced by the dearth of pension reforms since 1964, by a process of 'institutional drift'. Since the early 1980s, the economic crisis and rising public deficits have increased pressure on the pension system, but efforts to cut back public pension or taxing private pensions failed. In 1997, the small Special Pension was introduced as a temporary new funded public pension in order to curtail consumption (it was made permanent in 1998). The link between contributions and benefits was tightened in 2001 in order to achieve more actuarial fairness. While civil servants and other public employees were covered by tax-financed retirement pay or a collective occupational pension respectively, only one-third of private sector employees were covered by an employer-provided occupational pension in the 1980s. The Social Democrats and the blue-collar unions argued in favour of a mandatory central pension fund controlled by the unions, whereas the bourgeois government opposed such a plan. After long negotiations between the government, the main political parties, and unions, occupational pensions were introduced as part of private sector collective agreements. The metal workers push for collective agreements in 1991 led to rapid improvements in expanding earnings-related occupational pensions. Since the 1990s, collective bargaining led to a substantial increase in coverage thanks to strong trade unions, leading to a belated process of multipillarization. As such, Denmark is a case where financial sustainability, regulatory and governance issues did not (yet) play a role.

The Finnish pension system represents another special case among the multipillar systems. In the Finnish case the employment-related second tier pension is highly regulated by the state with regards to benefit and contribution levels, yet it is administered by the social partners and investments are managed by private insurance companies. Though classified here as a legislated or "statutory" occupational pension (different from the EU classification), this second tier pension differs from other developed multipillar systems. Thus recent restructuring processes in Finland did not primarily focus on regulatory issues but on financial sustainability similar to the processes in systems with a dominant public pillar. At first, the National Pension was further developed in the 1980s (abolishment of means-test and introduction of early retirement options). The economic crisis of the 1990s marked a turning point. The subsequent reforms introduced cut backs and adjustments in the legislated occupational pensions. These adjustments included introducing employee contributions (1993), harmonizing public and private sector schemes (1995), reversing early retirement incentives (1992, 2005), altering pension indexation and further adjustments to demographic changes (1996, 2005). In several reform steps the National Pension became more or less a minimum pension especially by making it income-tested against the other pensions. The merger of the separate occupational pension funds in the private sector in 2007 was another step to simplify and reduce costs. As these employment-related pensions have been encompassing and generous (no income ceiling), there has not been a decline in demand for supplementary occupational or personal pensions to top-up retirement income. However, recent cut backs of statutory pension benefits and increasing competition among employers for skilled personnel has also increased demand for voluntary private pensions. Financial sustainability issues are more pressing than in the mature multipillar systems due to the special design and the hybrid structure of second tier pensions.

The Swedish pension system was remained unaffected by economic crisis than many other countries. Several reform commissions that discussed proposals were inconsequential until the early 1990s, when the financial and unemployment crisis led to drastic changes of the 'Swedish model'. The early retirement for labour market reasons was abolished in 1991. However, the most far reaching reform step was decided in 1994 by the government and opposition parties. This led to a systemic reform that replaced the basic pension by a means-tested Guarantee Pension, while the earnings-related state pension (ATP) was transferred into an earnings-related Income Pension and a funded Premium Pension. In contrast to the former defined benefit ATP scheme, the income pension is a notionally defined contribution scheme (NDC) that calculates on the principle of working-life income. The mandatory funded Premium Pension provides the individual with the choice of pension funds represents a new institutional 'layer', leading to a shift in risks towards individuals. Sweden is unique in switching its 'path' from a Beveridge plus (basic pension plus earnings-related second pension) to a Bismarck-type contributory earnings-related system, yet it remains a universal pension system, given the safety net of the Guarantee Pension. In the second pillar, the negotiated blue-collar occupational pension was the first to come under financial pressures due to the decline of industrial employment. As a consequence, the unions and employers agreed to change it to a partially funded scheme and mostly switched from defined benefit to defined contribution systems.

(3) Reforming dominant public-pillar systems: Fostering occupational and personal pensions

Germany's Bismarckian pensions, relying largely on social contributions and pay-as-you-go payments, faced the financial repercussions of an aggravated labour market and changing demographics since the late 1970s. The implications of the extensive use of the early retirement and the integration of East Germany after unification in 1990 posed additional challenges. While the pension reform decided in 1989 was still consensual in reducing early retirement pathways, pension reforms in the late 1990s remained politically contentious, including a reversal of the new red-green government of retrenchment policies by its predecessor in 1999. However, the Schröder government soon realized the inevitability of reforms and reduced public pension benefits, while also introducing a new personal pension and fostering occupational pensions to make up for the future retirement income gap. The state subsidizes a new voluntary funded personal pension (the Riester Plan) that includes tax-incentives for lower income groups. The reforms of the early 2000s also opened up new opportunities for unions to negotiate collective agreements on deferred wages. It also enabled the reorganization of the exiting firm-provided occupational pensions as well as the supplementary pension scheme in the public sector.

Although in the early 1980s Italy legislated a few measures to check inflationary pressures caused by pensions, major reforms were postponed until the 1990s, when the old party system was discredited and the financial markets and European Monetary Union required a drastic, overdue policy change. Given the long-term built up public deficit and the fragmented but well entrenched pension system, radical reform proposals were difficult to push through. In times of severe political crisis the Left-Center and later technocratic governments negotiated a reform with the unions in 1995. This 'social pact' decided on the major changes which were phased in: a gradual increase of retirement age to 65, less favourable benefit rules for newcomers to the system (adopting NDC), a rationalization of the multiple state pension plans, regulating the accumulation of pensions . Since the pension reforms of the 1990s, the severance pay arrangements are gradually converted to occupational pensions. New regulations for supplementary pensions were introduced giving rise to a number of collective agreements for defined-contribution schemes that partially incorporated the existing end-of-service allowances. Moreover, large parts of the public sector were brought under 'private law', following a government-union agreement.

Belgium suffered from similar problems as Italy: high public debt and a costly pension system, leading to a long-term cutback of the once generous public pension benefits and leaving more space for private responsibility. Following, reforms in 1985/86 book reserves and pay-as-you-go arrangements for private pensions were ruled out, thus fully funded (DB or DC) group insurance gained in importance. The Occupational Pensions Act of 1995 regulated vesting, portability and equal treatment rights of these funds, enhancing co-determination rights of employees. Following a social partner agreement (2001), a major advancement was legislated in 2003 by providing a framework for extending *erga omnes* sector-wide negotiated pension funds, which may include some risk sharing (including disability benefits and survivor benefits).

In France, the reaction to the increasing financial sustainability issues in the old age security system was to increase contributions as in Germany. Eventually, the government had to introduce incremental benefit cuts in the early 1990s by a *quid pro quo* strategy between the government and the social partners in the private sector but largely failed in the more contentious public sector. Since the late 1990s, the uncertainty about statutory pensions was used by policy makers to encourage individual pension savings, while launching further cut backs in the statutory pillar. Early retirement incentives were cut back and the contribution period of the civil servants scheme was adapted to the required contribution period of the general pension system. Several agreements between the social partners aimed at stabilizing the pay-as-you-go second tier occupational pensions. The 2003 Raffarin Reform and more recent reform of the special regimes (2007/8) aimed at further changes of the public pensions in both the private and public sector to increase contribution periods and introduce DC elements, though these changes have not been completely introduced. A new voluntary personal pension (PERP) was introduced in 2003.

The reform efforts in countries with *dominant* Bismarckian pensions have been targeted on cutting back generous public schemes and fostering occupational and personal pension programs. We can observe major public pension reforms that introduced *notional* defined benefits (NDC) in Italy (Sweden, for example) that made benefits more dependent on contributions during the years of labour market participation and the employment-population ratio. The German state pensions had already a working-life contribution formula, and the new 'sustainability' factor will automatically cut benefits based on demographic developments. In nearly all Bismarckian pension systems, a process of conversion occurs in the public pension pillar that transforms the past goal of status maintenance into one of poverty alleviation by long-term reduction of statutory benefits. For instance, the introduction of a means-tested minimum old age pension in Germany ('*Grundsicherung*'), replacing former social assistance, has the potential to become a quasi income-tested basic pension as in Nordic countries. These cut backs in public pensions have been made in order to make pension plans more sustainable for the future, yet they also increase the need for occupational and personal pensions to fill in the income gap.

In Germany and France, a process of institutional layering has taken place, although these two countries introduced *voluntary* and not mandatory personal pensions (Riester pension and PERP respectively). Italy has not introduced a funded personal pension by institutional layering but instead made use of an already existent institution, the mandatory end-of-service pay (TFR), transferring it into an occupational pension with the option for a closed or open fund. The collective bargaining partners took on the task to negotiate these new occupational pensions. New efforts to negotiate occupational pensions also gained momentum in several other countries. In Germany favourable rules for negotiated occupational pensions were introduced in the 2000s and in Belgium. These reforms followed the social partner agreement and legal framework, and occupational pensions have gained momentum in the late 2000s.. Thus, the third juncture has led to considerable path departure, changing not only the Bismarckian core of the public pillar but also fostering the development of occupational and personal pensions. The scaling back of the public pension from its status maintaining aim, and the new crowding-in of the private pensions to make up for the future income gap are two related processes.

Table 4: The Three Junctures

Type	First	Second	Third	Country
Bismarck Plus	SP	**SP**+vOP	**SP**+vPP/vOP	Germany
Bismarck Plus	SP	**SP**	**SP**+vOP	Italy
Bismarck Plus	SP	**SP**	**SP**+qOP+vPP	Belgium
Bismarck Lite	SP	**SP**+**qOP**	**SP+mOP**+vPP	France
Switch BP→SP	BP	**BP+2SP**, OP	(BP) **SP+mPP**, qOP	Sweden
Hybrid	--	**BP**+vOP	**BP+mOP**	Switzerland
Switch SP→BP	SP->BP	**BP+qOP**	**BP+qOP**	Netherlands
Beveridge Plus	BP	**BP**+2SP/OP	**BP+**2SP**OP\\PP**	United Kingdom
Beveridge Lite	BP	**BP**+(2SP)+vOP	**BP**+(2SP,PP)+**qOP**	Denmark
Beveridge Lite	BP	**BP+qOP**	(BP) **mOP**, vPP	Finland

Note: BP: basic pension; (BP) means-tested; SP: state pension (earnings-related); 2SP: second state pension; OP: occupational pension; PP: personal pension; \: opt-out; / alternatives; m: mandatory; q: quasi-mandatory; v: voluntary.

4. Conclusions

This comparative historical analysis studied the long-term evolution of public and private pensions in ten European countries, suggesting three critical junctures that shaped the public-private mix until today. The *first* juncture was the initial evolution of the public pension, the first pillar. The major decision whether to introduce a Bismarckian contributory and earnings-related pension or to turn means-tested assistance into a Beveridge-type universal basic pension for all citizens (and residents) dates back prior to or around the First World War. In all countries, except the Netherlands and Switzerland, the subsequent development was following a path-dependent logic, reaffirming the derived pension system after the Second World War. The Netherlands was unique in switching from a social insurance to a basic pension after the Second World War, acknowledging and integrating the parallel growth of occupational pensions into a Bismarckian-type income maintenance via private means. Switzerland introduced universal earnings-related old age insurance only in 1948, and the co-existing occupational pensions were part of a multi-pillar structure that was finally made mandatory as late as 1984. While the decision of Bismarck versus Beveridge was crucial for the way in which non-employed groups receive pensions and the consequences for poverty prevention, much depends on the level of the basic pension or earnings-related minimum pensions. Thus both systems left some developmental space for supplementary occupational pensions, particularly for medium to higher income groups not satisfied with the then meagre public pensions.

Crucial for the further development of private pension, however, was the *second* juncture: the extension of earnings-related pensions in *Bismarckian* systems or the addition of earnings-related second tier pensions in Beveridge-type systems. Not all Bismarckian pensions developed into a 'Bismarck Plus' system that allowed middle and upper income classes to maintain their living standards in old age without private pensions. Germany, Belgium and Italy extended pensions thanks to pay-as-you-go financing and economic growth, though Italy and Belgium accumulated increasing public debt for its generous social benefits. The meagre first tier pensions in France left much to the social partners to add earnings-related supplementary pensions in the postwar period, making these mandatory in 1972. Belgium could be also grouped as a Bismarck plus pension until more recent erosion; leading to belated occupational pensions development.

Among the *Beveridge*-type systems, Sweden was exceptional in introducing a large-scale earnings-related second state pension in 1960, and transforming it into an earnings-related public pension (and a means-tested pension) that comes closer to the Bismarckian income maintance principle. Denmark failed to do more than a flat-rate supplement in the 1960s, and later funded personal pension remained rather minor, thus providing much space for occupational pensions. In Finland, the earnings-related pensions, with the help of the social partners, became the dominant second tier pension, and the public basic pension was made means-tested. Much later than Sweden, Britain introduced its second pension in 1978, by that time employer-induced occupational pensions had been widespread and were allowed to 'opt-out', and since 1986 individuals are also able to contract out a funded personal pension. Thus Britain combines a meagre basic pension with a multipillar choice of supplementary pensions. In the Netherlands, public basic pension remained without a second state pension, and instead the Dutch social partners opted for negotiated and employer-led occupational pensions.

The last *third* juncture is the recent transformation of the public-private pension mix, be it through increased fostering or regulation of private pensions. The influence of ideas from international policy communities has had some impact on the more recent reforms, but as in earlier phases, national adaptations to the given systems and domestic constraints have led to rather different hybrid public-private mixes. Some of these changes have been relative path dependent in retrenching the public pillar, in particular the more generous pensions, and by introducing measures in reaction to the increased need to regulate occupational and personal pensions. Yet there were also important path *departing* developments in the public pillar, most notably the pension reforms in Sweden and Italy introducing NDC benefits. Also notable were the introduction of funded personal pensions in public first pillars (Sweden, Denmark) and the introduction of voluntary personal pensions in Germany, Finland and France. Institutional change occurred here often parallel in public and private pensions: reduction of the former increased the push for expansion of the latter. These new private pension arrangements add a new layer to the multipillar, multitier retirement income system. They bring about transformative change without completely altering the public pension pillar, though there is a long-term conversion from the status maintenance to a basic income function in the Bismarckian systems. These reform steps indicate a gradual path departure moderated by institutional layering, conversion or displacement depending on institutional capacities and preconditions. Yet, in the long-run these institutional changes may be the first steps towards a more substantial change in the public-private mix to come in the future.

References

Alber, J. (1982). *Vom Armenhaus zum Wohlfahrtsstaat: Analysen zur Entwicklung der Sozialversicherung in Westeuropa*. Frankfurt: Campus.

Anderson, K. (2002). 'The Europeanization of Pension Arrangement: Convergence or Divergence?' in C. de la Porte and P. Pochet (eds.), *Building Social Europe through the Open Method of Co-ordination*. Bruxelles: PIE-Peter Lang, 253-285.

Anderson, K. (2007). 'The Netherlands: Political Competition in a Proportional System', in E. Immergut, K. Anderson and I. Schulze (eds.), *The Handbook of West European Pension Politics*. Oxford: Oxford University Press, 713-757.

Baldwin, P. (1990). *The Politics of Social Solidarity: Class Bases of the European Welfare States 1875-1975*. Cambridge: Cambridge University Press.

Bonoli, G. (2001). 'Political Institutions, Veto points, and the Process of Welfare State Adaption ', in P. Pierson (ed.), *The New Politics of the Welfare State*. New York: Oxford University Press, 238-264.

--- (2006). 'The Politics of the New Social Policies. Providing Coverage Against Social Risks in Mature Welfare States', in K. Armingeon and G. Bonoli (eds.), *The Politics of Postindustrial Welfare States: Adapting Postwar Social Policies to New Social Risks*. London: Routledge.

Bridgen, P., and Meyer, T. (2005). 'When Do Benevolent Capitalists Change Their Mind? Explaining the Retrenchment of Defined-benefit Pensions in Britain'. *Social Policy and Administration*, 39/7: 764-785.

Brooks, S. (2005). 'Interdependent and Domestic Foundations of Policy Change: The Diffusion of Pension Privatization Around the World'. *International Studies Quarterly*, 49/2: 273-294.

Casey, B. H. (2004). 'The OECD Jobs Strategy and the European Employment Strategy: Two Views of the Labour Market and the Welfare State'. *European Journal of Industrial Relations*, 10/3: 329-352.

Ebbinghaus, B. (2005). 'Can Path Dependence Explain Institutional Change? Two Approaches Applied to Welfare State Reform'. *MPIfG Discussion Paper*, 05/02.

--- (2006). 'The Politics of Pension Reform: Managing Interest Group Conflicts', in G. L. Clark, A. Munnell and M. Orzag (eds.), *Oxford Handbook of Pensions and Retirement Income*. Oxford: Oxford University Press, Chap. 38.

Erskine, A. (1997). 'The Withering of Social Insurance in Britain', in J. Clasen (ed.), *Social Insurance in Europe*. Bristol: Policy Press, 130-150.

Esping-Andersen, G. (1990). *Three Worlds of Welfare Capitalism*. Princeton, NJ: Princeton University Press.

--- (1996). 'Conclusion: Occupational Welfare in the Social Policy Nexus', in M. Shalev (ed.), *The Privatization of Social Policy?: Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. Basingstoke: Macmillan, 327-338.

Ferrera, M. (1996). 'The 'Southern Model' of Welfare in Social Europe'. *Journal of European Social Policy*, 6/1: 17-37.

Flora, P., Alber, J., Eichenberg, R., Kohl, J., Kraus, F., Pfenning, W., and Seebohm, K. (1983). *State, Economy, and Society in Western Europe 1815-1975. Volume I: The Growth of Mass Democracies and*. Frankfurt: Campus.

Flora, P., and Heidenheimer, A. J. (1981). 'The Historical Core and Changing Boundaries of the Welfare State', in P. Flora and A. J. Heidenheimer (eds.), *The Development of Welfare States in Europe and America*. New Brunswick: Transaction Books, 17-34.

Gillion, C., Turner, J., Bailey, C., and Latulippe, D. (eds.) (2000). *Social Security Pensions. Development and Reform*. Geneva: International Labour Office.

Green-Pedersen, C. (2007). 'Denmark: A "World Bank" Pension System.' in E. Immergut, K. Anderson and I. Schulze (eds.), *The Handbook of West European Pension Politics.* Oxford: Oxford University Press, 454-495.

Hacker, J. S. (2005). 'Policy Drift: The Hidden Politics of US Welfare State Retrenchment', in W. Streeck and K. Thelen (eds.), *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press, 40-82.

Hall, P. A. (1993). 'Policy Paradigms, Social Learning, and the State. The Case of Economic Policymaking in Britain'. *Comparative Politics*, 25: 275-297.

Hinrichs, K. (2000). 'Elephants on the Move: Patterns of Public Pension Reform in OECD Countries'. *European Review*, 8/3: 353-378.

Holzmann, R. (2000). 'The World Bank Approach to Pension Reform'. *International Social Security Review*, 53/1: 11-24.

Holzmann, R., Orenstein, M. A., and Rutkowski, M. (eds.) (2003). *Pension Reform in Europe: Process and Progress*. Washington DC: The World Bank.

Immergut, E., Anderson, K., and Schulze, I. (eds.) (2007). *The Handbook of West European Pension Politics*. Oxford: Oxford University Press.

Kangas, O., and Palme, J. (1996). 'The Development of Occupational Pensions in Finland and Sweden: Class Politics and Institutional Feedbacks', in M. Shalev (ed.), *The Privatization of Social Policy? Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. London: Macmillan, 211-240.

Korpi, W. (1995). 'The Development of Social Citizenship in France since 1930: Comparative Perspectives', in B. Palier (ed.), *Comparing Social Welfare Systems in Europe: Vol. 1. Oxford Conference: France - United Kingdom*. Paris: MIRE, 9-47.

Kuhnle, S. (1981). 'The Growth of Social Insurance Programs in Scandinavia. Outside Influences and Internal Forces', in P. Flora and A. J. Heidenheimer (eds.), *The Development of Welfare States in Europe and America.* New Brunswick: Transaction Books, 125-150.

Lynes, T. (1997). 'The British Case', in M. Rein and E. Wadensjö (eds.), *Enterprise and the Welfare State*. Cheltenham, UK: Edward Elgar, 309-351.

Marshall, T. H. (1950). *Citizenship and Social Class. The Marshall Lectures*. Cambridge: Cambridge University.

Müller, K. (2001). 'The Political Economy of Pension Reform in Eastern Europe'. *International Social Security Review*, 54/2: 57-79.

Myles, J., and Pierson, P. (2001). 'The Comparative Political Economy of Pension Reform', in P. Pierson (ed.), *The New Politics of the Welfare State*. New York: Oxford University Press, 305-333.

Natali, D. (2008). *Pensions in Europe, European Pensions: The Evolution of Pension Policy at National and Supranational Level*. Brussels: P.I.E. Peter Lang.

Natali, D., and Rhodes, M. (2008). 'The 'new politics' of pension reforms in Continental Europe', in C. Arza and M. Kohli (eds.), *Pension Reform in Europe. Politics, policies and outcomes*. London/New York: Routledge, 25-46.

Niemelä, H., Salminen, K., and Vanamo, J. (1996). *Converging social security models? The Making of social security in Denmark, France, and the Netherlands*, 10. Helsinki: The Social Insurance Institution.

OECD (1988). *Reforming Public Pensions*. Paris: OECD.

Orenstein, M. A. (2008). 'Out-liberalizing the EU: pension privatization in Central and Eastern Europe'. *European Journal of Public Policy*, 15/6: 899 - 917

Øverbye, E. (1996). 'Public and Occupational Pensions in the Nordic Countries', in M. Shalev (ed.), *The Privatization of Social Policy? Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. London: Macmillan, 159-186.

Palier, B., and Bonoli, G. (1995). 'Entre Bismarck et Beveridge: "Crises" de la Sécurité Sociale et Politique(s)'. *Revue française de science politique*, 4/45: 668-699.

Palme, J. (1990). *Pension Rights in Welfare Capitalism: The Development of Old-Age Pensions in 18 OECD Countries 1930 to 1985*. Stockholm: Swedish Institute for Social Research.

Pierson, P. (1994). *Dismantling the Welfare State? Reagan, Thatcher and the Politics of Retrenchment*. Cambridge: Cambridge University Press.

--- (2000). 'Increasing Returns, Path Dependence, and the Study of Politics'. *American Political Science Review*, 94/2: 251-267.

Pierson, P. (1994). *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment.* New York, NY: Cambridge University Press.

Queisser, M. (2000). 'Pension Reform and International Organizations: From Conflict to Convergence'. *International Social Security Review*, 53/3: 31-45.

Rein, M., and Rainwater, L. (eds.) (1986). *Public/Private Interplay in Social Protection: A Comparative Study*. Armonk, NY: M.E. Sharpe.

Rein, M., and Schmähl, W. (eds.) (2004). *Rethinking the Welfare State. The Political Economy of Pension Reform*. Cheltenham, UK: Edward Elgar.

Rein, M., and Turner, J. (2001). 'Public-Private Interactions: Mandatory Pensions in Australia, the Netherlands and Switzerland'. *Review of Population and Social Policy*, 10: 107-153.

Rein, M., and Wadensjö, E. (eds.) (1997). *Enterprise and the Welfare State*. Cheltenham, UK: Edward Elgar.

Schludi, M. (2005). *The Reform of Bismarckian Pension Systems. A Comparison of Pension Politics in Austria, France, Germany, Italy and Sweden*. Amsterdam: Amsterdam University Press.

Shalev, M. (1996a). 'Introduction', in M. Shalev (ed.), *The Privatization of Social Policy? Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. London: Macmillan, 1-23.

--- (ed.) (1996b). *The Privatization of Social Policy? Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. London: Macmillan.

Stinchcombe, A. L. (1968). *Constructing Social Theories*. New York: Harcourt, Brace & World.

Streeck, W., and Thelen, K. (2005). 'Introduction: Institutional Change in Advanced Political Economies', in W. Streeck and K. Thelen (eds.), *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press, 1-39.

Thelen, K. (2003). 'How Institutions Evolve: Insights form Comparative-Historical Analysis', in J. Mahoney and D. Rueschemeyer (eds.), *Comparative-Historical Analysis: Innovations in Theory and Method*. New York: Cambridge University Press, 208-240.

Titmuss, R. M. (1974). *Social Policy. An Introduction*. London: Allen & Unwin.

Trampusch, C. (2007). 'Industrial Relations as a Source of Social Policy: A Typology of the Institutional Conditions for Industrial Agreements on Social Benefits'. *Social Policy & Administration*.

Weaver, K. R. (1986). 'The Politics of Blame Avoidance'. *Journal of Public Policy*, 6/4: 371-398.

Whiteside, N. (2006). 'Adapting private pensions to public purposes: historical perspectives on the politics of reform'. *Journal of European Social Policy*, 16/1: 43-54.

World Bank (1994). *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth* Oxford: Oxford University Press.