The Politics of Pensions in European Social Insurance Countries

Martin Schludi

01 / 11

Max-Planck-Institut für Gesellschaftsforschung
Paulstrasse 3
50676 Köln
Germany

Telephone 0221 / 2767 -0
Fax 0221 / 2767-555
E-Mail info@mpi-fg-koeln.mpg.de
Website www.mpi-fg-koeln.mpg.de

MPIfG Discussion Paper 01 / 11
ISSN 0944–2073
December 2001

Abstract

This paper analyzes national processes of pension reform in countries with systems of old-age provision largely following the Bismarckian type (Austria, France, Germany, Italy, Sweden). Operating on a defined benefit / pay-as-you-go basis and mainly financed out of wage-based social contributions, pension systems in these countries are highly vulnerable to demographic and economic pressures. Therefore, pension reform has emerged as a major issue in these countries since the early 1990s. Although there are substantial similarities in the direction of reform, the degree of policy change varies considerably even among countries with similar legacies in pension policy. As a closer inspection of national patterns of pension policy-making shows, the political feasibility of pension reforms and the degree of adjustment in pension policy critically depends on the government's ability to orchestrate a reform consensus either with the parliamentary opposition or with the trade unions. The paper tries to identify the conditions under which a "pension pact" between those actors is likely to emerge.

Zusammenfassung

Die vorliegende Arbeit analysiert rentenpolitische Entscheidungsprozesse in Ländern, deren Alterssicherungssysteme weitgehend dem Bismarckmodell folgen (Deutschland, Frankreich, Italien, Österreich, Schweden). Da sie typischerweise definierte Leistungen im Wege des Umlageverfahrens gewähren und sich primär über lohnabhängige Sozialbeiträge finanzieren, erweisen sich diese Systeme als vergleichsweise anfällig gegenüber ökonomischem und demographischem Problemdruck. Vor diesem Hintergrund hat das Thema "Rentenreform" in diesen Ländern spätestens seit Anfang der 90er-Jahre erheblich an Bedeutung gewonnen. Obgleich aus international vergleichender Perspektive große Gemeinsamkeiten in der Grundausrichtung der Reformen erkennbar sind, lassen sich – auch in Ländern mit ähnlich konzipierten Alterssicherungssystemen – erhebliche Unterschiede im Grad der vorgenommenen Veränderungen feststellen. Wie eine eingehendere Betrachtung der nationalen Reformpfade auf dem Feld der Rentenpolitik zeigt, hängt die politische Durchsetzbarkeit von Rentenreformen entscheidend von der Fähigkeit der Regierung ab, einen Reformkonsens mit der parlamentarischen Opposition beziehungsweise mit den Gewerkschaften herzustellen. Das Papier versucht, die Bedingungen herauszuarbeiten, unter welchen ein rentenpolitischer Konsens zwischen diesen Akteuren wahrscheinlich ist.

Contents

1 Introduction

The restructuring of public pension schemes has emerged as a central element in the reform of European welfare states in recent years. Starting in the mid-1970s, public pension systems became increasingly subject to external economic pressures. In particular, low economic growth and rising unemployment led to an erosion of the revenue basis for pensions. At the same time, pension systems themselves were increasingly used as an instrument for early retirement. As a consequence, public pension arrangements were faced with a growing gap between revenues and expenditures. Moreover, demographic developments are likely to exert considerable pressure on public pension schemes in the long-term, as the share of elderly persons will rise dramatically relative to the working age population.

The initial response of most governments to these developments was to raise pension contributions rates, which was a politically more feasible strategy to deal with the fiscal crisis of European pension systems than cutbacks of pension entitlements (Palier 2001a). However, in the context of increased economic internationalization, this option turned out to be increasingly costly. In particular, intensified competition on product markets put a severe constraint on the capacity of domestic producers to shift any increase of labor costs onto domestic consumers. As a result, the leeway for increases in social contribution rates diminished considerably. To some extent, governments were able to compensate for this by financing a higher share of pension costs out of general taxation. However, political tax resistance and fiscal constraints imposed by the internationalization of capital markets limited the effectiveness of this strategy as well. In addition, if pension outlays tend to absorb an ever larger share of the public budget, the fiscal leeway for other essential public tasks such as education, social services, and investments in infrastructure will diminish considerably. In short, changes in revenue levels alone will hardly suffice to maintain the fiscal equilibrium of public pension systems (Pierson 1998). As a consequence, the focus of pension policymakers moved (mostly irrespective of their party affiliation) increasingly towards a policy of retrenchment and cost containment. This motive became particularly evident in the 1990s, when virtually all advanced welfare states tried to dampen the growth of public pension expenditures (Hemerijck / Schludi 2000). This was

I am particularly grateful to Karen Anderson, Guiliano Bonoli, Agar Brugiavini, Bernhard Ebbinghaus, Maurizio Ferrera, Steffen Ganghof, Antonia Gohr, Christoffer Green-Pedersen, Miriam Hartlapp, Markus Haverland, Martin Hering, Matteo Jessoula, Bernhard Kittel, Anders Lindbom, Bruno Palier, Edward Palmer, Birgitta Rabe, Bo Rothstein, Fritz Scharpf, Eric Seils, Christian Toft, Christine Trampusch, and Harold Wilensky for constructive criticism and useful hints.

even true for those countries whose welfare systems had still been resistant to major retrenchment efforts throughout the 1980s.

This paper seeks to illuminate patterns of pension reform in Austria, France, Germany, Italy, and Sweden. In several respects, these countries represent "most-similar cases," which are largely modeled on the Bismarckian type (Hinrichs 2000a). Since pension arrangements in these countries are strongly biased towards contribution-financed social insurance operating on a pay-as-you-go basis,[1] these schemes are relatively vulnerable to fiscal and demographic pressures (Hinrichs 2000a). First, these countries provide relatively generous earnings-related public pensions primarily financed out of payroll taxes. As a consequence, pension contribution rates are significantly above the international average, driving up non-wage labor costs. This mode of financing has a detrimental effect to employment at the lower end of the earnings scale, where social assistance arrangements set a reservation wage, below which net wages cannot fall (Scharpf 2000a).

Second, as public pensions are typically of the defined-benefit type,[2] policy-makers face a quasi-contractual obligation to increase contribution rates when pension outlays exceed revenues (Myles / Pierson 2001). As a consequence, the pension liabilities[3] that were accumulated in these countries until the mid-1990s score significantly above the international average. Against this background, the reform of social insurance pensions is characterized by a sharp trade-off. An increase in contribution rates or in levels of taxation aggravates the above-mentioned labor market distortions that result from high non-wage labor costs. Conversely, cuts in benefit levels are likely to trigger strong political resistance, since contribution-based benefit entitlements are widely regarded as "acquired rights," on which the state has only a limited legitimacy to trench (Bonoli 2000).

Third, pay-as-you-go financing plays a greater role than in most other OECD countries. Pay-as-you-go systems, however, typically financed out of wage-based contributions, are often considered to cause higher labor market distortions and to yield a lower rate of return than fully-funded[4] systems, as the latter tend to profit from the growing share of capital incomes in the national product (Siebert

1 An arrangement under which benefits are paid out of current revenues and no funding is made for future liabilities.

2 In a *defined-benefit* scheme, benefits are prescribed by a formula, as opposed to a *defined-contribution* plan, where a periodic contribution is prescribed and where the benefits are based on the contributions plus investment returns.

3 Pension liabilities refer to the amounts that a pension scheme has an obligation to pay now or in the future.

4 In a fully-funded scheme, current contributions are set aside and invested in order to finance the pensions of current contributors.

Table 1 Selected Indicators For The Degree of Problem Load and the Need for Adjustment in Pension Policy in the 1990s

Reform goals	Indicators for problem load/need of adjustment	Austria	France	Germany	Italy	Sweden
Ensurance of the fiscal equilibrium of the public pension system	Assets of the public pension system as % of GDP (1995)	Nil (3)	–0.5 (5)	1.1 (2)	Nil (3)	25.8 (1)
Stabilization of social contributions	Contribution rate in % (1995)	22.8 (4)	19.8 (2)	18.6 (1)	29.6 (5)	19.8 (2)
Containment of the growth of pension outlays	Pension expenditures as % of GDP (1990)	12.3 (4)	10.9 (3)	9.8 (2)	13.4 (5)	7.9 (1)
Containment of the growth of pension outlays	Peak in future pension outlays (as % of GDP) according to OECD projections from 1988	31.7 (4)	27.0 (2)	31.1 (3)	35.7 (5)	18.0 (1)
Lowering of the burden on the public budget	Budget surplus/deficit as % of GDP (average for the 1990s)	–3.0 (2)	–3.5 (4)	–2.2 (1)	–6.5 (5)	–3.1 (3)
Raising of the effective retirement age	Effective retirement age (average for men and women, 1995)	57.6 (5)	58.8 (4)	59.5 (2)	58.9 (3)	62.7 (1)
Changeover of the benefit calculation to career earnings	Number of "best years" on which reference salary is based (1990)	10 (3)	10 (3)	Career earnings (1/1)	5 (5)	15 (2)
Changeover of the benefit calculation to career earnings	Number of contribution-years required for full pension entitlement (1990)	45 (2)	37.5 (4)		40 (3)	30 (5)
Harmonization of pension benefits	Categorical fragmentation of public pensions/differences in generosity of benefits	high (3)	very high (5)	high (3)	very high (5)	universal system (1)
Promotion of fully-funded pensions	Pension fund assets as % of GDP (1999)	3.3 (5)	5.1 (4)	6.8 (2)	6.7 (3)	42.7 (1)
Index for the overall need for adjustment		**35**	**36**	**18**	**42**	**18**

The figures in the brackets indicate the degree of problem load or the need for adjustment (1 = lowest; 5 = highest).

Source: Blöndal/Scarpetta 1998; Economic Policy Committee 2000; Gern 1998; Mantel 2001; OECD 1988; OECD Statistical and Analytical Information on Aging.

1998). At the same time, however, a (partial) shift from a pay-as-you-go towards a funded system would impose a serious double payment problem. In the transition period, the gainfully employed would not only have to pay the benefits for the current pensioners in the pay-as-you-go system but also to save for their own retirement. Thus, for politicians, typically orientated towards short-term election cycles, even a partial switch towards a fully-funded scheme may be politically costly, given that the costs of transition accrue immediately, while the (potential) benefits of a system change only accrue in the long run.

In sum, the countries in question resemble each other with respect to the basic structure of their systems of old-age provision, in which the function of income replacement is largely assigned to public social insurance rather than to private or occupational pension schemes. Thus, the need for reform is generally greater in countries with Bismarckian-type pension arrangements than in countries that provide only flat-rate pension benefits. Therefore, the pool of common problems, with which pension policy-makers in these countries have to cope, is sufficiently large to justify a research design of most-similar cases (Hinrichs 2000a). Nevertheless, even within this cluster of countries, pension policy-makers start at different points in their reform efforts. Broadly speaking, the greater the misalignment is between the legacy system and the "ideal" system, the greater is the need for adjustment. As far as Bismarckian pension systems are concerned, we can identify a number of common reform goals, which pension policy-makers pursue in these countries. However, the misalignment in policy and therefore the need for adjustment along those reform dimensions vary from country to country (see table 1):

– In the short term, pension policy-makers have to come to grips with existing or looming deficits in the public pension system by bringing revenues and expenditures in line with one another. This holds especially true for countries such as Austria, France, and Italy that lack a buffer fund to iron out short-term imbalances within the public pension system. By contrast, the Swedish system can balance out any short-term deficits more easily as it disposes of a considerable capital stock within the public pay-as-you-go scheme.

– As noted above, countries with systems of old-age provision largely based on earnings-related social insurance have come under increasing pressure to *stabilize pension contribution rates*, which are typically higher than in countries providing only flat-rate public pensions. This pressure is most pronounced in Austria, where the contribution level is 22.8 percent, and particularly in Italy, where pension contribution rates skyrocketed to 32.7 percent in the course of the 1990s. In France, Germany, and Sweden, contribution rates are more modest and oscillated around 20 percent in the 1990s.

- By the same token, all the countries under study are pushed by economic, fiscal, and demographic factors to *curb spending on pensions*. These pressures are strongest in Italy, which spends most on public pensions among the OECD countries and which suffered from two-digit public deficits until the early 1990s, thus rendering Italy's compliance with the fiscal criteria imposed by the Maastricht treaty a Herculean task. We can also identify different degrees of adaptive pressures if we compare the long-term pension liabilities accumulated in these countries: OECD projections carried out in the late 1980s (OECD 1988) show that – under the assumption of an unchanged legal status quo – pension spending levels would have risen to more than 35 percent of GDP in Italy, more than 30 percent in Austria and Germany,[5] about 27 percent in France and about 18 percent in Sweden (see figure 1-1).

- In the context of fiscal austerity, the extensive use of early retirement options has become a major concern for pension policy-makers. This problem is most severe in the Continental welfare states, most notably in Austria, France, and Italy, where the average retirement age is very low. Sweden, by contrast, still displays relatively high employment ratios for older workers and therefore faces only a limited pressure to *raise the retirement age*.

- Another challenge for the reform of Bismarckian pension systems consists in establishing a *stronger link between contributions and benefits*. This implies primarily that pension benefits should be tied more closely to lifetime earnings. This would not only dampen the growth of pension expenditures and strengthen work incentives but would also remove distributional deficiencies resulting from different earning careers. Among the countries under study, it is only Germany that has had from the outset a benefit formula which is entirely based on lifetime earnings. In the remaining countries, benefits are traditionally based on a number of "best years" and on a limited number of contribution-years that provide an entitlement for a full pension. These arrangements advantage those who have income unevenly distributed over their working life and who do not work very long at the expense of those who work a long time with slower increases in wages.

- Need for reform also emerges from the fact that public pensions in Bismarckian countries are typically fragmented along occupational categories that often lead to differences in the generosity of benefits between the various schemes. In particular, public sector employees enjoy more favorable benefit provisions than employees in the private sector. These inequalities are most pronounced in France and Italy where a multitude of pension schemes exist

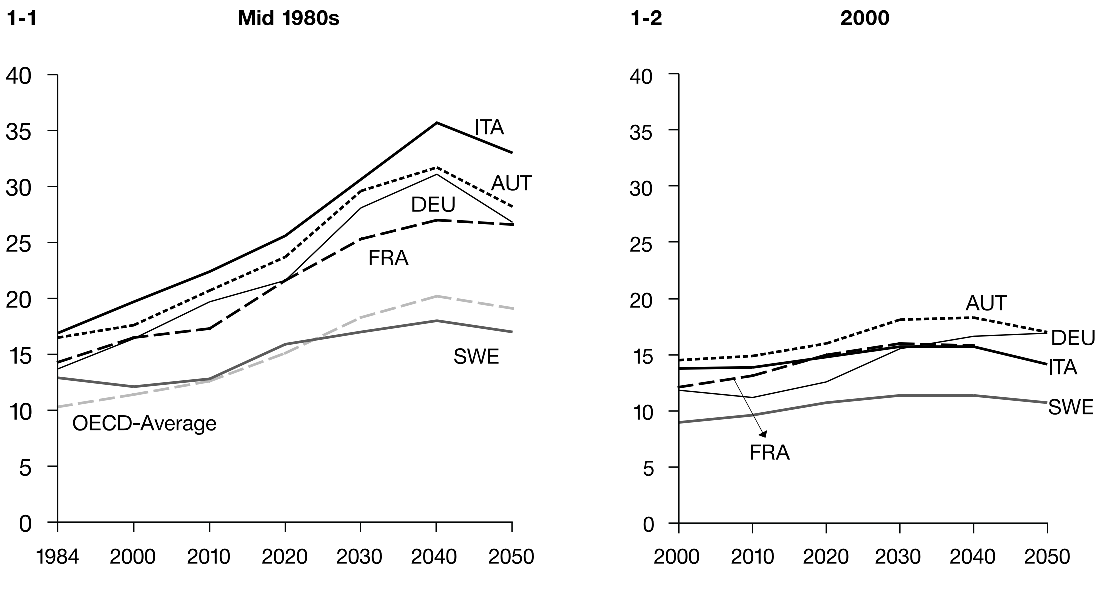
5 Please note that in the German figures, the huge savings effects resulting from the *Pension Reform Act 1992* (legislated in 1989) are not yet taken into account.

side by side. By contrast, there is no need for *harmonization of pension schemes* in Sweden, where a universal pension system is already in place.

– Finally, as suggested above, a reduction of public pensions operating on a pay-as-you-go basis would require the promotion of pre-funded forms of retirement provision in order to preserve the standard of living during old age. The need for adjustment in this reform dimension is generally great in the countries under study, which display only a very low level of pre-funding, albeit Sweden is in a somewhat more favorable position due to its higher share in pension fund assets.

As the previous account suggests, pension policy-makers in Austria, France, Germany, Italy, and Sweden have to deal with quite a number of similar problems. However, the degree of adjustment needed to put their national pension systems on a more sustainable basis has been (and still is) different. Based on the empirical indicators compiled in table 1, it appears that the need for reform has been most pronounced in Italy, followed (with some distinction) by France and Austria. In Germany and Sweden, the misalignment in pension policy has been somewhat less marked than in the other countries under scrutiny. These differences in the relative starting position of each country should be kept in mind in the following section in which the degree of actual adjustment in pension policy is assessed from a comparative perspective.

Figures 1-1 and 1-2 Pension Expenditure Projections (as a Percentage of GDP)



Source: OECD 1988; Economic Policy Commitee 2001.

The rest of the paper is organized as follows. Section two will explore whether the countries under study have successfully addressed the problems outlined above. In section three, I will present a theoretical framework trying to account for the varying problem-solving capacity of national pension policy-makers. I will argue that the successful implementation of major pension reforms is typically based on concerted action either between political parties on both sides of the political spectrum or between the government and trade unions. Subsequently, I will analyze the conditions under which successful concertation is likely to occur. In the light of these theoretical considerations, I will provide brief accounts of the national pension reform processes. In section four, I will draw some theoretical conclusions.

2 A Comparative Assessment of Policy Change in Bismarckian Pension Systems

In this section, I will briefly analyze, how far the countries under study have adjusted their pension systems along the lines sketched above (see table 1). In general, there has been a strong tendency in these countries to reduce the generosity of pension commitments, most notably in the long term. Figures 1-1 and 1-2 provide striking empirical evidence for this. As already noted, public pension expenditures were projected to rise dramatically if the legal framework in pension policy had remained the same since the late 1980s. Ten years later, however, this picture has changed fundamentally. In the vast majority of advanced welfare states, pension liabilities were curtailed rather drastically in the 1990s. As a consequence, pension-spending levels are likely to remain far below 20 percent of GDP in all EU countries throughout 2050 despite dramatically aging populations (Economic Policy Committee 2001). At the same time, we still discern marked cross-national differences within the cluster of Bismarckian countries regarding the extent to which the goal of expenditure stabilization will be achieved in the years to come. Among the countries under study, only Sweden and Italy are likely to keep the increase in public pension expenditures lower than 2 percentage points of GDP. In Austria, France, and Germany, the projected size of the increase equals 3.1, 3.9, and 5.1 percent of national income, respectively. While in Austria and Germany the expenditure boom will only take off from 2020 onwards, France will have to cope with sharply rising pension costs already in the medium term. Thus, national pension policy-makers have differed in their success at controlling the growth of pension outlays.

The countries under study also differ in the degree to which they have addressed the other structural deficiencies of their pension systems identified above (table 2). Three findings are particularly noteworthy:

– First, only Italy and Sweden have engineered a fully-fledged changeover from a defined-benefit scheme to a notional, defined-contribution one.[6] Such an arrangement effectively ensures that contribution rates can be held stable in the future, as benefits will be adjusted downwards if contributions fall short of pension outlays. In Germany, pension policy-makers have avoided to making a clear decision in favor of a defined-contribution formula.[7] In Austria and France, public pension schemes still operate on a defined-benefit basis, although the level of benefits has been or will be significantly reduced by changed indexation rules,[8] an increase in the number of "best" years, extensions of the qualifying period[9] and the like. However, the changes did not bring about a complete changeover to the principle of lifetime earnings (which has been already established in Germany).

– Second, only Austria and Italy have launched a far-reaching harmonization of pension law regulations between the private and the public sector. By contrast, the French Juppé government has failed with a similar plan, whereas in Germany no serious efforts at all were undertaken to arrive at more uniform benefit provisions between the public and the private sector.

– Third, there is a considerable range of cross-national variation regarding the promotion of fully-funded pension plans (Leinert / Esche 2000). In that respect, Germany, Italy, and Sweden have implemented the most far-reaching reforms.

---

6 A notional, defined-contribution scheme is a centrally-managed, pay-as-you-go, notional contribution plan. In this model, each worker has an account in the central pension system institution, which is credited with the contributions made by or on behalf of the worker. Account balances are also credited with the analogue of interest payments, but typically at a rate tied to the growth of wages – either the rate of increase in the average wage or the rate of increase in total wages. At retirement, the balance in the account is converted into a life annuity based on estimates of the cohort's expected life-span.

7 While the most recent pension reform law envisages a maximum contribution rate of 22 percent until 2030, it also states that the replacement rate for a standard pensioner must not fall below 67 percent of previous wages. A very vaguely formulated clause has been incorporated in the law stating that the government has to take *appropriate* measures if compliance with one of these criteria is jeopardized.

8 Indexation refers to a system whereby pensions in payment and / or preserved benefits are automatically increased at regular intervals by reference to a specified index of prices or earnings.

9 The number of contribution-years that are required in order to be entitled to a full pension.

> In Germany and Italy, recently enacted reform measures try to foster savings in favor of private or occupational forms of old-age provision through the large-scale granting of direct transfers and tax advantages. However, in Germany the original plan to make private old-age provision compulsory has been dropped. In Sweden, a new fully funded pillar has been established recently, whereby the insured persons are obliged to invest 2.5 per cent of their income into a pension fund at their option (either private or public). In Austria and France, by contrast, the promotion of pre-funded pension plans has proceeded only at a very slow pace so far, albeit there is a growing consensus among pension policy-makers in these countries that major steps in this direction are necessary or at least desirable.

To sum up, we can gain two important theoretical insights from this brief empirical account of pension reforms in Bismarckian countries. For one, in all countries under study, the benefit commitments made under the conditions of economic prosperity have been considerably downgraded since the late 1980s. Considering the extraordinarily large long-term savings effects associated with successive pension reforms in these countries, it appears that welfare state reform even in Continental Europe may well go beyond “marginal adjustments” (Esping-Andersen 1996: 82). By the same token, the capacity for effective policy responses in these countries may not be as restricted as authors such as Scharpf (2000a: 124)

Table 2 Comparison of Pension Reform Profiles

	Austria	France	Germany	Italy	Sweden
Estimated change in pension outlays from 2000 to 2030 (% of GDP)[1]	+ 3.6	+ 3.9	+ 3.7	+ 1.9	+ 2.4
Switch from defined-benefit to defined-contribution design	no	no	no	yes	yes
Harmonization of private and public sector pensions	yes	no	no	yes	yes
Promotion of fully-funded pillar	marginally	no	substantially	substantially	substantially (mandatory)
Ranking of “pension reform progress” (1 = highest; 5 = lowest)	4	5	3	2	1

1 See figure 1-2.

have suggested. As Green-Pedersen and Haverland (2002) have correctly diagnosed, the retrenchment literature (Myles / Pierson 2001; Pierson / Weaver 1993; Pierson 1994, 1996, 1998; Weaver 1998) so far suffers from its bias towards explaining stability rather than change. This paper adopts a more dynamical perspective by exploring the conditions under which welfare reform is possible.

Another insight is that the capabilities for pension reform seem to differ not only across these countries and across time but also across the several pension reform dimensions outlined above. In the following section, I will put forward a theoretical framework that may help us to account for these differences.

3 Explaining Variation in Pension Reform Outcomes

3.1 Searching for Consensus in Pension Policy-making

In the previous sections, I have argued that the interplay of economic, demographic, and political factors has put public pension schemes (in particular those of the Bismarckian type) under increasing adaptive pressures in recent years. Therefore, it should not come as a surprise that pension reform emerged as a major issue on the political agenda in practically all advanced welfare states throughout the 1990s. By the same token, policy-makers have become increasingly aware of the necessity to curb the growth of pension spending. Basically this holds true for governments irrespective of their ideological or partisan affiliation. At the same time, market-liberal governments face severe political and legal constraints on radically dismantling mature social insurance-based pension systems that grant contribution-related benefits typically perceived as “acquired rights” by the beneficiaries. Thus, the viable room for reform in pension policy is much smaller in the contemporary policy environment, and positions towards pension reform have converged considerably between left and right parties in recent years (Bonoli 2000). This constellation is depicted in figure 2, which displays a continuum stretching from a purely leftist agenda of benefit expansion to a full-fledged, neo-liberal agenda of radical retrenchment (to be defined as a complete changeover from public social insurance to individual and mandatory pension provision). From a theoretical perspective, I would establish the following hypotheses:

– First, due to the demographic, economic, and fiscal strains alluded to in the previous section, pension policy positions in general have gravitated increasingly towards cost containment rather than benefit expansion.

- Second, in agreement with Pierson (1998), I would expect the median voter to hold a position considerably distant both from the status quo and from a position of radical retrenchment. In the face of an aging population, a retention of the status quo in pension policy would typically imply dramatically rising contribution rates (as public pension schemes are traditionally of the defined-benefit type). Thus, in the context of stagnant real wages, reform paralysis is not a very appealing prospect to the median voter. At the same time, however, radical retrenchment would also contradict his preference for maintaining the overall system of earnings-related public pensions and with it a certain pension level. For strategic reasons, both Social Democratic and Christian Democratic catch-all parties try to occupy the median voter position and therefore do not differ very much in their positioning.

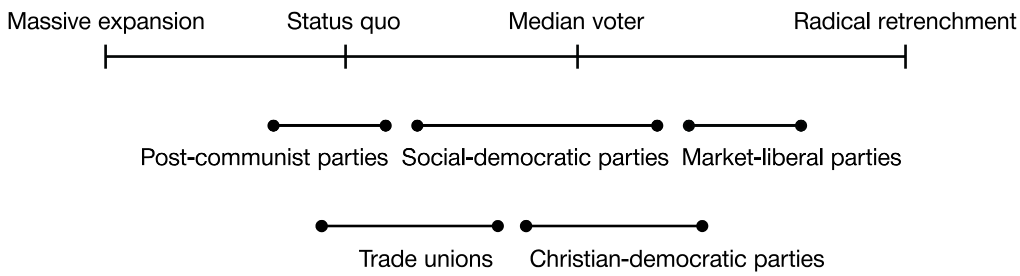
- Third, radical system change is neither an economically viable nor a politically feasible option for pension reform, even for market-liberal parties. These parties are most likely to distance themselves considerably both from the median voter and from the position of radical retrenchment.

- Fourth, Communist or post-Communist parties clearly position themselves far to the left of Social Democratic parties. At the same time, even these parties would not advocate a large raise in pension benefits, which would unduly shift the burden of adjustment to the working generation. However, they are likely to present themselves as defenders of the status quo in pension policy.

- Finally, all political parties represent a certain bandwidth of political interests rather than a fixed point on the left-right spectrum. As far as pension policy (or welfare policy in general) is concerned, this bandwidth is widest for catch-all parties such as the Social or Christian Democrats and thereby incorporates relatively heterogeneous social policy interests. By contrast, Communist or market-liberal parties typically possess a more coherent ideological profile. However, within these bandwidths, party leadership possesses some discretional power to shift the party in one direction or another, depending on their relative autonomy from the party basis. In particular, the leadership of both the Social and Christian Democratic parties will try to move the policy position of their parties to the right, if they assume governmental responsibilities and thus can no longer dispute the necessity of cost-containment reforms. By contrast, opposition parties can more easily ignore "factual constraints" in pension policy and are thus likely to maintain more "leftist" or "populist" positions.

The hypothesis that parties on both sides of the political spectrum have increasingly converged towards a policy of containing the costs of public pensions is corroborated empirically. In Austria, both the "grand coalition" government formed by the Social and Christian Democrats and the incumbent right-wing

Figure 2 Policy Positions Towards Pension Reform in the Context of Demographic Aging and Fiscal Austerity



ÖVP / FPÖ government have launched or at least envisaged pension cuts, which are roughly similar in size and direction, such as the recently legislated increase in the early retirement age. In France, the pension reform plans envisaged by the conservative Juppé government in 1995 included many proposals that had been put forward by the Socialist government only a few years earlier (Bonoli 2000). Similarly, the most recent pension reform in Germany, adopted by a left-center government, virtually does not differ from the pension reform legislated by the bourgeois predecessor government as far as the magnitude of cutbacks is concerned. By the same token, cost containment has been a major concern of Italian and Swedish pension policy-makers regardless of their general ideological orientation. In Sweden, the Social Democrats and bourgeois parties disagreed fundamentally on whether or not an individualized fully-funded pillar should be inserted into the Swedish pension edifice. However, as Lindbom (2001) points out, even the bourgeois parties acknowledged that contributions to this pillar should not exceed 15 percent of total contributions, if an overburdening of current contributors was to be avoided.

In the following, I will discuss the question concerning the conditions under which the political feasibility of pension reform can be ensured. We are able to identify both theoretical reasons and empirical evidence to prove that governments seek to back up their pension-reform efforts politically by orchestrating a consensus with other political and societal actors. As several authors (Baccaro 2000; Council of the European Union 2001; Hinrichs 2000a, 2000b; Myles / Pierson 2001) point out, successfully implemented pension reforms are usually concerted reforms. In pension reform, unilateral governmental action is the exception rather than the rule. Interestingly, this observation also seems to hold true in countries such as France and Italy, which are traditionally not regarded as typical “negotiated democracies”. The efforts of governments to form an alliance over pension reform with other collective actors typically goes above and beyond the search for a simple parliamentary majority or a minimum winning coalition (Hinrichs

2000a). This brings us to ask why governments place such a high value on consensus around pension reform. For one, they are interested in sustaining the durability of enacted reforms by assuring that these are not overturned after the next election.[10] In addition, and partly related to this, predictability and reliability of pension policy (as opposed to frequent, unexpected and arbitrary ad-hoc changes in benefit regulations) constitute a value in its own. By their very nature, pension reforms imply more or less profound changes in the retirement income package, in particular for future pensioners. As current contributors have to adjust their employment biographies and savings behavior for a long time in advance, they have a genuine interest in the long-term predictability of pension policy and thus in a broad political and societal consensus over pension reform.

However, the strongest motivation for governmental actors to strive for consensual solutions in pension policy is to lower the considerable political costs associated with the welfare reform. According to Pierson (Pierson / Weaver 1993; Pierson 1994), this is largely related to the asymmetry between the concentrated and highly visible costs and the rather contingent and diffuse benefits of welfare retrenchment, which makes pension cuts a highly unpopular undertaking. However, as Anderson (2000) points out, this logic of retrenchment would only apply when reforms lead to losses for concentrated and highly organized groups and the general revenue financing of pensions results in diffuse gains for unorganized groups.[11] By contrast, in contributory pension systems, the numerical ratio between contributing persons and welfare recipients is relatively balanced. From this perspective, there is little reason to expect that a simultaneous *increase* in the level of contributions and benefits is necessarily more popular than a *reduction* in the level of contributions and benefits. This judgement is also supported by empirical evidence. As a recent opinion survey of French, German, Italian, and Spanish citizens on welfare state reform (Boeri / Börsch-Supan / Tabellini 2001) has ascertained, a majority of citizens want to maintain taxes and compulsory contributions at current levels (see table 3). Interestingly, however, in all countries but Spain, the share of respondents preferring lower pensions and lower contributions is higher than the number of respondents preferring higher pensions and higher contributions. From this point of view, the political costs of retrenchment (i.e. lower benefits) are not necessarily higher than the political gains, which accrue on the side of the contributors (i.e. lower contribution rates). This means that

10 It is a typical feature of pension reforms that many provisions only become fully effective after very long transition periods. As a consequence, the complete implementation of long-term pension reform is only guaranteed if successive governments are willing to implement them.

11 The German system of civil servants' pensions is a case in point. While benefits are paid out to the relatively small group of civil servants, the accrued costs are financed completely by the diffuse mass of taxpayers.

Table 3 Attitudes Towards Pension Spending (in %)

	France	Germany	Italy	Spain
Don't know/no answer	19.1	6.5	16.1	27.7
Less transfers and taxes	35.0	26.9	42.8	15.9
Maintain current levels	51.2	59.1	39.7	53.2
More transfers and taxes	13.8	14.0	17.4	30.9

Question: In your opinion, should the state
a. reduce taxes and compulsory contributions, cutting pensions and/or transfers to households,
b. maintain taxes and compulsory contributions at current levels, or
c. increase pensions and/or transfers to households, by raising taxes and/or compulsory contributions?

Source: Boeri/Börsch-Supan/Tabellini 2001.

pension reform per se is as much an exercise in "blame avoidance" (i.e. "hiding" pension cuts) as it is an exercise in "credit claiming" (i.e. "highlighting" the reduction of contribution rates). However, as population aging tends to worsen the ratio between pensioners and contributors dramatically, pension reform basically boils down to a distribution of losses. Under these circumstances, contribution rates are likely to increase *despite* substantial cuts in benefit levels. Benefit cuts will then only result in a *slower increase* rather than in *falling* contributions levels. Similarly, a delay of pension reform will stabilize benefit levels for some time, but it will also result in a sharper rise of contribution rates and / or levels of taxation. In addition, voters are less likely to accept a growing contribution burden in the context of stagnant or even falling real wages. Put simply, pension policy-makers nowadays can only choose *either* higher contribution rates at stable benefits *or* lower benefits at stable contribution levels. Pension policy-makers are therefore faced with an unpleasant trade-off that is often ignored (or at least underestimated) by short-sighted voters. This shortsightedness again may be easily exploited by political parties and societal interest groups opposing a government's pension reform plans. Governments have thus a strong incentive to share the blame for necessarily unpopular measures in pension policy. The electoral salience of pension policy is further spurred by the fact that an overwhelming majority of citizens ascribe a high degree of responsibility to the government in the area of old-age pensions. Compared with pensions, other social policy goals such as provision for the unemployed or the reduction of income differences appear to be less salient in the eyes of the public.[12]

12 According to opinion polls dating from 1990, 98 percent of respondents are in favor of government responsibility for old-age pensions as opposed to 85 percent and 74 percent, respectively, for unemployment provision and the reduction of income differences (Huseby 1995).

As Myles and Pierson (2001) point out, bringing other key corporate actors on board is an important element in sharing the political costs associated with pension reform. As I argue, a government's most effective strategy of blame sharing is to get the consent or at least the acquiescence from the trade unions or to bring the parliamentary opposition on board. At least in Continental Europe, trade unions still play a crucial role as defenders of earnings-based social insurance schemes and may have the capacity to mobilize large-scale protest against welfare reforms. For instance, in Italy and France, major pension reforms were stalled in 1994 and 1995, respectively, in the face of nationwide strikes and demonstrations organized by the trade unions. Consequently, unions' approval is likely to reduce the general political resistance against unpopular pension reforms (Anderson 2000; Palier 2001a). By the same token, a broad cross-party consensus on pension reform involves substantially lower political costs for the government parties than is the case for unilaterally imposed reforms, against which opposition parties may try to mobilize electoral protest. By contrast, support by employers is neither a necessary nor a sufficient condition so as to make unpopular pension reforms politically feasible. To be sure, employer associations are powerful pressure groups lobbying hard for a massive reduction in non-wage labor costs. As pointed out above, governmental actors have to a large extent appropriated their demands in part by acting as an "*ideeller Gesamtkapitalist*" in a Marxian sense. Insofar, employers' influence has been essential in putting the issue of pension reform on the political agenda. However, employers' increasing pressure for welfare retrenchment is a largely uniform phenomenon in advanced welfare states and can hardly account for the success or the failure of pension-reform efforts in a specific political context. Moreover, employers' explicit support for a concrete reform package may only be of limited use for governmental parties trying to share the blame for unpopular pension cutbacks. As Hassel (2001) points out, it may even cause a serious reputation problem when governments are seen as too business friendly and too labor hostile. The mass media also play a crucial role in framing the pension debate, may help to generate a political climate in favor of pension reform and therewith reduce the political costs associated with painful pension cutbacks. Similarly, scientific reports published by expert institutions may highlight the inability to sustain the existing pension system and enhance the legitimacy of benefit cutbacks. This may also weaken the incentives for both opposition parties and trade unions to oppose governments' pension reform efforts.

To sum up, unilateral pension reform without the support from either the opposition parties or the trade unions is an electorally risky strategy for the government and may endanger the durability and sustainability of its decisions in pension policy. Therefore, governments typically seek to organize consensus over pension reform either in the partisan or in the corporatist arena. Basically, this holds true even if opposition parties and trade unions are not formal veto players as defined by Tsebelis (1995, 1999). In principle, both forms of concertation are equally suitable for providing a stable political basis for pension reform. If based on a broad partisan consensus, pension reform will most likely be politically feasible even in the face of fierce union resistance. First, a consensus backed by the major political parties would provide for a stable parliamentary majority, against which trade unions could do little. By contrast, if government parties with a slim majority in parliament do not have the parliamentary support of the opposition, even a comparatively small faction of trade unionists and other internal opponents to reform would have a sufficient blackmail potential vis-a-vis the government. Second, a broad cross-party agreement would deprive unions of the possibility to exploit the electoral competition between government and opposition parties.[13]

Conversely, the parliamentary opposition would face greater difficulties in blaming the government for pension cuts if the reform was supported by the trade unions. First, support from the trade unions would it make easier for the government to organize consensus within its own camp. This is particularly relevant for the Social Democratic and Christian Democratic parties, which typically have a more or less strong trade-union wing. Moreover, it is difficult for the opposition to mobilize the electorate against unpopular welfare reforms if these are even accepted by the trade unions, which enjoy a strong reputation as defenders of existing welfare state arrangements.

3.2 Conditions for Successful Concertation

In the previous section, I have put forward the argument that welfare reform – and pension reform in particular – is a politically difficult undertaking. We also know fairly well why governments have an interest in forging a stable political consensus on pension reform, typically by incorporating other political parties as well as trade unions. However, as Pierson (1998) has pointed out, we still know relatively little about the circumstances which facilitate or impede the negotiation of substantial adjustment. More specifically, we need to ascertain more systematically the positive and negative incentives for both trade unions and opposition parties to arrive at a consensus with the government over the issue of pension reform. I will deal with this question in the following sections.

---

13 The reform of the Dutch disability pensions is a case in point. Because of the broad party consensus for the reform, Dutch trade unions could neither seek recourse in alternative political coalitions nor take advantage of party competition (Wijnbergen 2000).

3.2.1 Pension Politics in the Partisan Arena

Typically political parties within democratic polities are both policy seekers and political entrepreneurs at the same time. In the first dimension, political parties primarily represent the interests of their core constituencies (in particular of specific socio-economic groups) and pursue appropriate policy goals irrespective of their organizational self-interests (Lipset / Rokkan 1967). In the second dimension, typically emphasized by rational-choice theorists, political parties strive first and foremost for the maximization of their private gains. From this perspective, party behavior is largely driven by the vote- and office-seeking strategies of political leaders (Downs 1957). In addition, party leaders must ensure the long-term continuity of the party and therewith a minimum of internal cohesion within the party organization (Bergmann 1999). As Mulé (2000) points out, vote-seeking, policy-seeking and office-seeking (as well as efforts at internal party cohesion) are not mutually exclusive. Party leaders pursue each of these strategic aims in various arenas depending on specific institutional context factors (Strøm / Müller 1999). By the same token, a political party is not only motivated by the endeavor to reach certain material policy aims, but also by the logic of party competition. Both types of "logic" are fundamentally distinct in terms of their underlying interaction orientations. Concerning the policy dimension, interaction orientations of political parties are typically egoistic in the sense that actors strive for solutions that maximize their individual gains. Therefore, political parties are likely to select policies that are as close as possible to their ideal point. At the same time, however, political parties are engaged in electoral zero-sum competition trying to maximize their relative gains. The opposition not only has a substantive interest in pursuing its own material policy goals through favorable compromises, it also has a competitive interest in defeating government initiatives so as to undermine the political reputation of the government (Scharpf 2000b). As far as pension reform is concerned, opposition parties may be tempted to denounce the government for "unfair" pension cuts so as to improve their own electoral standing, even if they do not deviate very much from the government's position in substantive terms (Kitschelt 2001). Thus, opposition parties have to mediate between substantive and strategic interests when they state their own position vis-a-vis a governmental plan for pension reform. In principle, the opposition has three strategic options at its disposal in reacting to a pension reform initiative presented by the government:

a. It may try to negotiate a pension compromise with the government so as to move the reform output as close to its ideal point as possible. In this case, however, the opposition would forego the opportunity to exploit the pension issue in the electoral arena (as it can no longer attack the government on this issue).

Table 4 Likelihood of a Partisan Consensus over Pension Reform

		Policy distance between parties		
		large	significant	small
Positional conflict	high	–	–	–
	medium	–	+	+
	low	+	+	+

+ = emergence of consensus likely
– = emergence of consensus unlikely

b. Alternatively, the opposition may refuse its support for strategic reasons though without promising to undo the cutbacks after a change of government. While in this case it would profit from the long-term economic benefits potentially resulting from reform (such as higher economic growth and higher employment), it cannot co-design the content of the reform and can only partly realize the potential electoral gains that may accrue by the promise to reverse the government's benefit cuts.

c. Finally, an opposition party may conduct a fully-fledged election campaign against a government's pension reform, including the promise to reverse the cutbacks after a change of government. In the short term, this strategy may be the most promising for a vote- and office-seeking party. However, if it does not stick to its election promise after taking office, it will seriously damage its credibility in the eyes of the electorate. If it keeps its promise by undoing the cutbacks of the preceding government, it still has to solve the problem of rising pension costs and may then find it even harder to legitimate the necessity of pension cuts.

How does an opposition party solve this dilemma? Table 4 depicts in a highly stylized manner the constellations under which competing political parties are likely to arrive at a consensus over pension reform.

Broadly speaking, the opposition's willingness to enter into a pension consensus with the government depends on how substantive and strategic considerations interact in a specific decision situation. Conceptually, we may identify three possible graduations in the substantive dimension, which – in interaction with the strategic incentive structure – determine the likelihood of a cross-party compromise over pension reform (see also figure 2):

- We may define the policy distance between two actors as *large*, if these actors position themselves at opposite sides of the status quo or if one actor prefers the retention of the status quo whereas the other prefers a more than marginal change of the status quo.

- The policy distance between two actors is denoted as *significant*, if the respective ideal points are at some distance from one another, but are still placed on the same side of the status quo.

- The policy distance is *small*, if two actors occupy relatively similar positions on the continuum.

The second dimension of "positional conflict" tries to measure the degree to which institutional or situational factors strengthen or weaken the incentives for a political party to improve its *relative* position vis-a-vis another party. In other words, the degree of "positional conflict" determines the extent to which cooperative or conflictual strategies improve or diminish a party's chances to maximize votes and it's likelihood of winning office. Analytically, we may again distinguish three levels of positional conflict:

- The degree of positional conflict is estimated as "high" if strategic incentives are strongly biased towards conflict rather than compromise. This is typically the case for political parties competing against each other for office. More specifically, positional conflict in pension policy is assumed to be high if an opposition party is likely to gain substantially in the vote- and office-dimension by mobilizing against the pension reform plans of the government.

- We may assume a "medium" level of positional conflict if competitive incentives between political parties are pushed into the background due to specific context factors (that I will analyze below).

- Finally, positional conflict between political parties tends to be "low," if political parties share a common interest in preserving or building a coalition government.

As noted above, a party in opposition has to ponder its substantive policy interests (defined by the distance to the government's policy position) and its strategic interests (defined by the level of positional conflict). Arguably, the opposition will defect if both its policy interests and its strategic interests hamper consensus-building. In other words, if the policy distance is large and the degree of positional conflict is high, a pension consensus is very unlikely to emerge. Conversely, a constellation of "low positional conflict" and "small policy distance" will be highly conducive to a pension consensus.

However, the opposition is faced with a dilemma if policy interests and competitive incentives operate in opposite directions. For instance, a small distance between the policy positions would allow for a cross-party consensus, although this could be countervailed by strong competitive incentives for the opposition not to cooperate. Given the widespread convergence of party positions in pension policy, this is a relatively frequent constellation between government and opposition. To the extent to which disagreement with the government strengthens not only its electoral prospects but also its chance to replace the government, an opposition party will be unlikely to support a government's pension reform. Thus, in a situation of strong positional conflict, I would expect an opposition party to thwart a pension consensus with the government irrespective of its material policy goals. Even a negligible policy distance is not a sufficient condition for the emergence of a cross-party pension consensus in the context of fierce party competition. In this situation, opposition parties are likely to opt for *strategic disagreement* (Gilmour 1995).

Conversely, a low level of positional conflict clearly facilitates negotiated adjustment. Typically this holds true for the members of a coalition government sharing a common interest in retaining office. For a small coalition partner (as well as for different factions within a governing party) this may even imply the reluctant acquiescence to a reform that runs against its policy interests. However, a similar logic may sometimes also apply to an opposition party trying to demonstrate its willingness to enter into a "grand coalition" with a governing party by supporting it in enacting unpopular welfare reform.[14] Thus, in this constellation strategic incentives do not only enable but *reinforce* the search for consensual policies.

Finally, in configurations where positional conflict is at a medium level, strategic considerations enable a relatively policy-oriented bargaining process. In this case, the likelihood of a pension consensus is largely dependent on the policy distance between the parties. As a rule, a policy-oriented opposition party is rather unlikely to join forces with the government if the policy distance between them is large. Since it would then have to accept an output that is (from its own perspective) inferior to the status quo, it will either try to block the reform or to reverse it after the government constellation has changed. However, if government and opposition parties are both located on the same side of the status quo, a negotiated solution is basically within reach. Nevertheless, the bargaining process between government and opposition is likely to be protracted and may even fail if the policy distance between them is significant and if a great number of single parties are involved in the negotiations.

14 In the Netherlands, for instance, the Social Democratic opposition regarded this as the only viable strategy to re-enter government (Green-Pedersen 2001).

I will now turn to the factors that are likely to reduce the degree of "positional conflict," thereby allowing the opposition to adopt a largely policy-oriented bargaining strategy. Two aspects seem to be of particular importance:

First, an opposition party is more likely to work out a pension reform plan with the government if it can expect to return to government after the next election. In this case, office-seeking will not play a significant role in its bargaining strategy and therefore policy-seeking aspects may gain upper hand.

Second, the ideological format of the party system affects the intensity of positional conflict between government and opposition around the issue of pension reform (see also figure 2). The electoral incentives for an opposition party to blame the government for "unsocial" welfare retrenchment is clearly diminished if it does not enjoy a reputation as a traditional proponent of existing social policy programs. In electoral terms, it is easier for leftist governments to curtail welfare entitlements than for bourgeois parties, which often do not represent a serious alternative for voters dissatisfied with retrenchment by leftist governments.[15] By contrast, left-wing parties can more credibly attack right-wing governments for "unfair" cutbacks than vice versa. Known as the Nixon-goes-to-China thesis,[16] this phenomenon has found its way in recent welfare state research (Haverland 2000; Kitschelt 2001; Ross 2000). However, in a constellation where the major parties on both sides of the political center are equally acknowledged as supporters of existing welfare arrangements such as a public pension insurance, even a bourgeois opposition party may successfully exploit the issue of pension reform in the electoral arena when a left-wing government adopts unpopular benefit cuts. Thus, Christian Democratic parties can more credibly denounce pension reforms adopted by leftist governments as being "socially unfair" than can bourgeois parties with a distinctly market-liberal ideology. Market-liberal parties, by contrast, have few incentives to exploit the issue of pension cutbacks in the electoral arena. From this perspective, we would expect the political costs of retrenchment and therewith the obstacles to social policy reform to be highest in countries where political competition is primarily located between strong centrist parties rather than between center-left and market-liberal parties (Kitschelt 2001). However, as we will see in the next section, corporatist concertation between

15 In some countries, reformed Communist parties represent a serious alternative for voters disappointed in retrenchment policies of Social Democratic governments. However, Social Democratic parties are more likely to accept a drain of voters to Communist parties if this does not endanger their pivotal position in the party system and thus will not conflict with their office-seeking objective (Kitschelt 2001).

16 As Kitschelt (2001) puts it, "an anti-communist Republican with a hawkish reputation in foreign policy could initiate reconciliation with communist China more easily without raising suspicions of 'selling out' America than a liberal Democrat in the presidency."

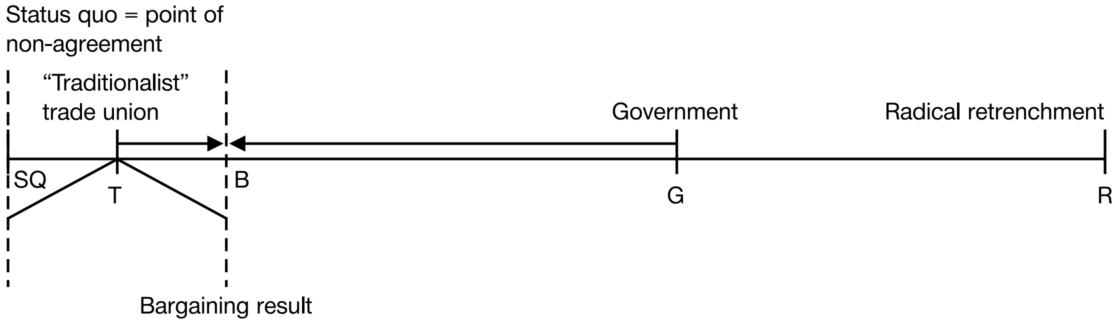
government and trade unions constitutes a potential alternative pathway for social policy reform in general (and pension reform in particular) and may partly offset the potential reform blockages prevailing in the partisan arena.

3.2.2 Pension Politics in the Corporatist Arena

As suggested above, a consensus between government and trade unions is likely to create a stable political basis of support for pension reform even if the reform is not backed by the parliamentary opposition. Unlike the opposition parties, trade unions have basically no competitive incentives vis-a-vis the government. Their primary interest revolves around substantive policy solutions rather than electoral competition (Scharpf 2000b). Given that trade unions and the government do not compete with each other in the electoral arena, none of these actors have a genuine interest in engaging in conflicts with the other side. The government and the trade unions are likely to prefer a joint solution to social conflict, i.e. strikes or mass demonstrations, because such conflict is costly for both sides. This holds particularly true for the governing parties, for which a social conflict with the trade unions could harm their electoral prospects.

Although these factors tend to be conducive to a consensus between government and unions over pension reform, their pension policy goals often diverge considerably and may hamper consensus-building. As suggested above, this also holds true for left-wing governments. Under conditions of fiscal austerity, unions can no longer count on the uncompromising political support by labor governments (Ney 2001). Even left-wing governments are nowadays pressed to adopt pension reforms involving benefit curtailments for unions' rank and file (see figure 2). The trade unions, by contrast, which typically regard contributory pension entitlements as a form of "deferred wage," are likely to resist cuts in public pension schemes. To be sure, trade unions face a trade-off between the interests of contributors and beneficiaries when they have to state their own approach to public pension reform. However, this trade-off is moderated by the fact that current contributors are future beneficiaries and are likely to oppose the scaling down of their own pension claims. This holds especially true for elderly workers, who often represent the most influential group among trade unions' rank and file (Brugiavini et al. 2001). In sum, governments strive mostly for larger curtailments than unions are willing to tolerate. At the same time, however, trade unions are also likely to prefer a negotiated reform (in which they have at least a say in the implementation) over one that is imposed unilaterally by the government (or by a "grand coalition" between government and opposition parties) against the will of the trade unions. For the government, the first preference is typically a negotiated reform, in which trade unions give the "green light" for unpopular welfare cut-

Figure 3 Bargaining Constellation Between a "Weak" Government and a "Traditional" Trade Union

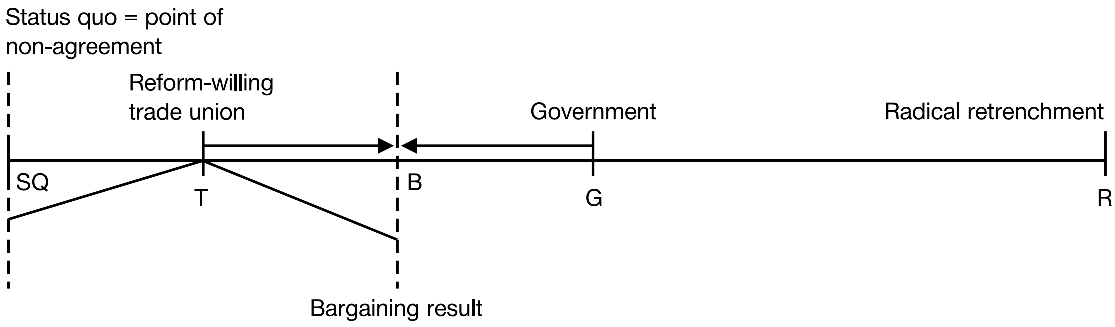


backs. However, the government has to balance its desire to obtain the consent of unions with its desire to implement real changes. If consensus with the unions is its primary goal (rather than the implementation of reform itself), it hands them a de facto veto power (Wijnbergen 2000).

To sum up, the main interest of the trade unions is to attain a reform outcome that is as close as possible to their ideal point (typically located somewhere between the status quo and the government's ideal point). By the same token, the government seeks also to move the status quo towards its ideal point, while at the same time tries to obtain the approval from the trade unions to lower the political costs of reform. This raises the question about the conditions under which they will arrive at an agreement on pension reform and where the bargaining outcome will likely to be situated on a left-right axis. Figures 3 to 5 depict in a highly stylized manner the possible bargaining constellations between the government and the trade unions.

I argue that the bargaining outcome strongly depends on the location of the non-agreement point, i.e. the policy outcome that emerges if both sides do not reach an agreement over reform. Non-agreement between trade unions and the government will result in non-reform, i.e. the retention of the status quo, if the government is not willing or capable of imposing the reform against the will of the trade unions. Thus, if unions *believe* that in the case of non-agreement the government will withdraw its reform plans, they occupy a very strong bargaining position vis-a-vis the government. As is depicted in figure 3 and 4, a trade union confronting a presumably "weak" government will therefore not accept an outcome that is inferior to the status quo (SQ) from its point of view. Given its agenda-setting power, the government will in this case propose a reform at point B that is to the right of unions' ideal point (T) and at a distance from T being equal to the distance between T and SQ. Thus, within this power constellation the

Figure 4 Bargaining Constellation Between a "Weak" Government and a "Reform-willing" Trade Union

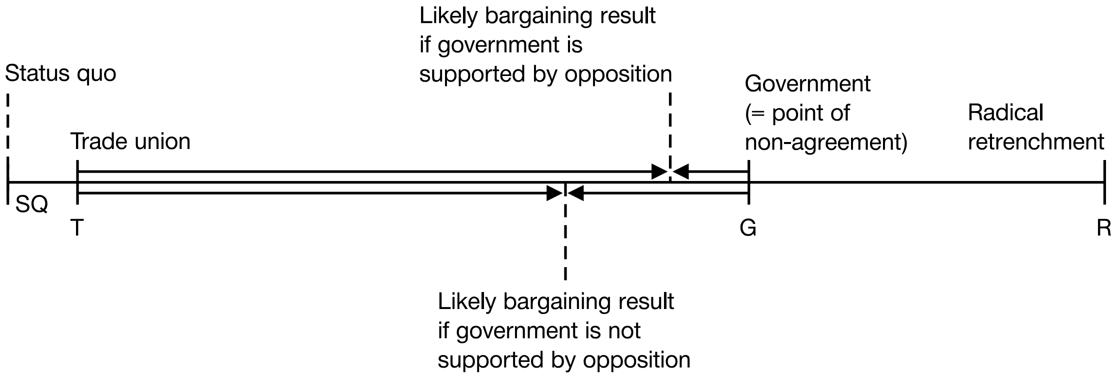


location of the final bargaining outcome can be directly derived from unions' ideal point and its distance from the status quo. This also means that even a "weak" government can enforce relatively far-reaching reform measures if trade unions themselves have a strong interest in altering the status quo towards more cost containment (figure 4).

The bargaining constellation looks different if the non-agreement point is identical with government's ideal point (G). Here we assume that a "strong" government can credibly threaten to impose painful pension reforms even against unions' resistance (figure 5). In this case, unions will be prepared to make substantial concessions to the government. This implies that unions will even accept a bargaining outcome inferior to the status quo in order to avoid an even worse outcome in the case of unilateral government action (G). At the same time, even a "strong" government (one attaching a greater importance to reform content than to consensus with the unions per se) has usually (though not always) a certain interest in obtaining the consent of the unions and will therefore accept an outcome somewhat to the left of its own ideal point. However, as I argue, the government will be less responsive to trade unions' demands if it is supported by the opposition and thus has to fear only limited retribution in the electoral arena. By contrast, without opposition's support, even a "strong" government will attach a higher value to trade union support and is likely to make greater concessions to the unions than it would otherwise.

To sum up, the location of the bargaining outcome between government and unions is largely dependent on the position of the non-agreement point and unions' ideal point. These parameters themselves result from a number of structural factors. Concerning the location of the non-agreement point, two aspects in particular seem to be of crucial importance.

Figure 5 Bargaining Constellation Between Trade Unions and a "Strong" Government



First, a government's resolve to enforce the reform "no matter what." Broadly speaking, governments are prepared to take unilateral action if the political costs of non-reform exceed the political costs associated with imposed reform. Arguably, the economic (and therewith the political) costs of non-reform will be all the higher the greater the pressure for adjustment in pension policy is (see section 1). Conversely, the political costs of unilateral reforms depend on how vulnerable the governing parties are in electoral terms and on how willing and able trade unions are to mobilize political and societal resistance to reform. At the extreme, unions may be capable of paralyzing a national economy through large-scale and prolonged strike actions that may put even institutionally strong governments under tremendous pressure.

Second, the non-agreement point will also coincide with the status quo if a government lacks the institutional capacity to impose a reform without union consent. Apart from those cases where governments can enact changes in pension policy by decree, governments have to organize a parliamentary majority to adopt a pension reform law. This is a difficult task not only for minority governments. Trade unionists within parliament may vote against the reform and may form a strategic alliance with other reform adversaries inside and outside the government camp. Especially left-wing governments are relatively susceptible to such union strategies. First, trade unions may join forces with Communist parties or left-wing Social Democrats, who often share unions' policy positions towards pension reform. Second, trade unions themselves may prevail upon a sufficient number of Socialist or Social Democratic deputies within the governmental factions or even hold a dominant position within the party leadership (Kitschelt 1994: 225). Thus, the strength of party-union linkages will influence a government's degree of freedom in, among others, pension politics.

Finally, a short remark needs to be added concerning the ideal point of the unions in pension policy. This ideal point is not a fixed parameter but may change over time and vary across countries as well as across unions within one country (figure 2). We may identify a number of potential factors pushing unions' ideal point in pension policy more or less away from the status quo. I can only briefly enumerate the most important factors here: the overall need of cost containment in pension policy, the strength of fiscal pressures in connection with the requirements of the Maastricht treaty, the perceived distributional shortcomings of existing pension arrangements, unions' institutional self-interests within the self-administration of social insurance, the encompassingness and the strategic capacity of trade unions, the degree of interunion competition, the percentage of elderly members among the union rank and file, the presence or absence of collectively negotiated pension schemes (as a means to compensate for cutbacks in the general system), the relative autonomy of the union leaders vis-a-vis the rank-and-file, and the traditional ideological profile of trade unions. In the next section I will demonstrate the extent to which these factors have shaped the unions' standpoint towards pension reform in various countries.

3.3 National Patterns of Decision-making in Pension Politics

In the previous section I have presented a highly stylized theoretical framework to analyze the strategic context in which pension politics takes place. Different actor constellations both in the partisan and in the corporatist arena shape governments' capabilities for restructuring public pension arrangements. In the following section I will go beyond a mere description of national processes of pension reform by locating individual patterns of decision-making in pension policy into the broader theoretical context outlined above.

3.3.1 Sweden: Policy-oriented Bargaining

Among the five countries scrutinized in this paper, Sweden has adopted the most far-reaching pension reform. Besides Italy, Sweden has thus far been the only country to convert its public pension system from a defined-benefit scheme into a defined-contribution one, albeit with long transition periods. In addition, a new indexation formulae has been established that will effectively dampen the growth of pension outlays in the future. Moreover, a mandatory, private and fully-funded pillar has been recently introduced.

Such a large-scale reconstruction of the overall Swedish pension edifice was favored by the fact that from the outset the major political parties showed their willingness to arrive at a broad societal consensus over the issue of pension reform.[17] Interestingly, this pension consensus was finally brought about despite substantial dissent between the Social Democrats and the bourgeois parties over the content of the reform. Consensus-building was eased by the format of the Swedish party system, in which neither the Social Democrats nor the bourgeois parties could gain a lot by bringing the pension issue into the electoral arena. Among the Social Democrats, incentives for electoral competition were also weakened by their expected return to government in 1994 (Scharpf 2000b). At the time, the economic crisis and the saving measures adopted by the bourgeois government had already paved the way for a Social Democratic election victory (Lundberg 2001). Likewise, the Swedish conservatives, after they again became the opposition party, had little incentive to attack a leftist government on the pension issue, because their market-liberal profile did not allow them to present themselves as defenders of the existing pension system in the eyes of the electorate (Kitschelt 2001). Thus, the issue of pension reform could be largely kept out of the electoral arena, which again favored a policy-oriented bargaining process that the trade unions could only indirectly influence by way of lobbying, in particular through the strong ties between the LO (the organization of blue-collar unions) and the Social Democrats (Anderson 2000). Moreover, like the trade unions, the leftist Vänsterpartiet and the Miljöpartiet were at a certain stage excluded from the working group inside the Ministry of Social Affairs, where the reforms were worked out and where in the end only the political parties in favor of the pension reform (the Social Democrats and four bourgeois parties) were involved (Wadensjö 2000). Finally, the obstruction potential of trade unions was neutralized to a considerable extent by the fact that the shift from the 15 / 30 rule towards lifetime earnings affected union members to a different extent. White-collar workers, who have comparatively long periods of higher education, relatively short periods of labor market participation, and a more steeply rising earnings profile during their career are the main losers in the new system. Blue-collar workers, by contrast, will incur only limited losses. LO was therefore less sceptical towards the reform than white-collar unions (Anderson 2000). Two further factors additionally magnified the political leeway for a large-scale overhaul of the Swedish pension system. For one, the deep recession and the currency crises in the first half of the 1990s considerably strengthened the resolve of the major political parties to restore the fiscal sustainability of the Swedish welfare state, including the pension system. On the other hand, the partial switch towards a funded system based on individual accounts was facilitated by the fact that the considerable capital reserves accumulated by the public funds within the general supplementary pen-

17 Please note that the Swedish reform was implemented in several steps. In 1994 (still under the bourgeois government), the parliament decided on the main principles of the new system. The bulk of legislation was passed in 1998. Final legislation followed in May 2001 (Ross 2000).

sion scheme ATP could be used to finance the costs of transition (Myles / Pierson 2001). To sum up, the Swedish reform is a case in point for a policy-oriented bargaining process based on a broad consensus across the political parties.

3.3.2 Italy: Corporatist Concertation in the Shadow of EMU

In Italy, the long-term effects of the pension reforms launched in the 1990s are similar to those of the Swedish reform. Like Sweden, Italy has engineered a shift from a defined-benefit towards a defined-contribution system, albeit with extremely long transition rules. Quite remarkably, Italy has also managed to harmonize the pension schemes between the public and the private sector. Moreover, important steps have been taken to promote supplementary pensions based on capital funding.

Considering how consistently the Italian pension system resisted any reform throughout the 1980s, the scope of reforms adopted in the 1990s is remarkable. Throughout the 1990s, the dynamics of European integration (in particular the fiscal pressure imposed by the EMU criteria) and its beneficial impact on the political discourse at the national level was an important driving force behind the reform of the Italian welfare state in general. This also generated a high willingness both among political parties and among trade unions to arrive at a profound recasting of Italy's highly unsustainable and inequitable pension system (Ferrera / Gualmini 2000a, 2000b; Gohr 2001; Pitruzello 1997). However, while the old clientele parties (which were the main culprits for Italy's overblown pension system) had been largely replaced by more reform-oriented parties, a broad party consensus across the political camps over pension reform still turned out to be difficult to achieve. The persistent fragmentation and instability of Italy's multiparty government coalitions as well as the high degree of electoral competition hamper consensus-building within the government and hence make concertation between government and opposition parties particularly difficult. Even in those cases where opposition parties offered their support to the government (as Berlusconi did in 1997), alternating majorities were the likely result, which again endangered the internal cohesion of government coalitions.[18] Thus, alliances between government and trade unions are the more realistic option for arriving at a stable political basis for pension reform. As Baccaro (2000) aptly remarks,

> in Italy, the presence of quarrelsome governmental coalitions based on a multiplicity of parties in constant competition with one another and relying on slim parliamentary majorities (or even, as in the case of the "technocratic" governments of the early- to mid-1990s, devoid of clear and stable majorities) rendered

18 Personal communication to Antonia Gohr.

> interest-group inclusion in all major policy reforms, not just pension reform, almost a functional necessity.[19]

Moreover, the indispensability of unions' approval to pension reform, or at least their acquiescence, follows from their pronounced capacity to mobilize protest. This is illustrated among other things by the failed attempt of the Berlusconi government in 1994 to impose a pension reform in the face of fierce resistance by the trade unions. The criticism was directed mainly to the fact that the reform envisaged a very quick implementation of the desired cuts and that the government favored a unilateral approach excluding the unions and the left-wing opposition (Antichi / Pizutti 2000; Pitruzello 1997). Despite their considerable blockage power, Italian labor unions have shown, in principle, their willingness to negotiate over a fundamental restructuring of Italy's pension system. First, trade unions themselves were well aware of the distributional shortcomings and the financial unsustainability of the old pension regime. In particular, trade unions had also come to realize that maintaining the *status quo* in pension policy would jeopardize Italy's membership in the EMU, because other European countries had declared their intention to block Italy's accedence to the EURO-zone if pension reform was not undertaken (Cioccia / Turcio / Calza-Bini 2001). Thus for Italy, in contrast to other countries aspiring to fulfill the Maastricht criteria, pension reform itself was declared as a precondition for its EMU membership. Second, the Italian labor movement proved able to overcome internal dissent over the distribution of pension reform costs by holding a referendum in 1995 covering the entire union rank and file. Sixty-five percent of union members voted in favor for the reform proposal, which the technocratic Dini government and union leaders had agreed upon. Among other factors, approval of the reform was possible because a minority of workers who intensely rejected the reform was defeated by a majority of workers who had a positive but less intense interest in the success of the reform plan.[20] At the same time, the opposing union members acknowledged the procedural justice of the vote and therefore abstained from wildcat strikes. This proce-

19 The suitability of this strategy is illustrated by the following statement of Prime minister Amato: "I was aware it was increasingly difficult to build consensus through party channels and for that matter even through Parliament itself; I resorted to the social partners as an alternative channel which, at that time, was more directly in touch with public opinion. In a number of cases this allowed me to follow a totally new procedure in pushing through my policy measures: I discussed them with the unions; on the basis of their total or only partial consent I drafted a text which I then presented to Parliament, and – building on the consensus I had reached out of Parliament – asked for a vote of confidence." (Fargion 2000: 8)

20 The very long phasing-in of the new (less generous) pension system left elderly workers and pensioners largely unaffected by cuts in pension entitlements, hence ensuring a majority for the reform. Among pensioners, 91 percent voted in favor of the reform (Baccaro 2001).

dure may partly explain why Italian public sector unions could not prevent the gradual adaptation of the pensions for their members to the lower benefit level obtained by workers in the private sector. Finally, unions and workers had to fear that a failure of the referendum might prompt a subsequent government to impose a much harsher reform against the trade unions (Baccaro 2000, 2001; Regini 1997; Schmidt 2000). In a nutshell, we may interpret the Italian pension reforms (most notably the Dini reform in 1995) as a case of intense corporatist concertation, where trade unions themselves show a strong interest in reforming an unsustainable pension system.

3.3.3 Germany: From Consensus Towards Conflict

An inspection of recent developments in German pension policies reveals a mixed record. The reforms that have been made will more or less effectively contain the growth of pension expenditures until 2030, but will not suffice to stabilize contribution rates thereafter (Ebert 2001). In contrast to Sweden and Italy, Germany has not implemented a complete switch to a defined-contribution system, albeit important steps in that direction have been undertaken. Quite remarkably, the most recent reform is geared towards establishing a multitiered pension system, in which private and occupational pensions are partly to substitute for pension payments out of the public scheme. However, while wage earners are encouraged to pay up to 4 percent of their income into the additional pillar, German pension policy-makers failed in their attempt to make private old-age provision compulsory. Instead, the envisaged restructuring is achieved by direct subsidies or tax incentives, respectively. A major weakness of German pension policy – compared in particular with the successful efforts in Austria and Italy – is that no efforts were made to harmonize civil servants' pensions with the general scheme.

In Germany, pension politics has followed a rather erratic pattern in recent years. Until the early 1990s, pension policy was comparatively depoliticized and rested upon a fragile consensus between the major political parties and the social partners. This consensus revolved around the perception that the statutory pension insurance has to provide for at least an approximate maintenance of the previous living standard in retirement and that necessary reforms should be made within the public system rather than outside of it (Nullmeier / Rüb 1993). One textbook example of this is a major pension reform adopted in 1989 (and in effect as of 1992) that entailed remarkable savings both in the short- and the long-term. It has been estimated that, this reform alone will serve to reduce the necessary contribution rate in 2030 by about 10 percentage points, from 36.4 percent to about 27 percent (Weaver 1998). This reform was backed by the Social Democratic opposition, which at the time was confident about winning the next election. Thus, the

Social Democrats had but little incentive to launch an election campaign against a pension reform, the main-features of which they largely approved. By agreeing to a compromise with the government, they could push the reform outcome closer to their own policy preferences. At the same time, they could expect the delicate issue of pension reform to be cleared out of the way during their own incumbency.[21] In the following years, this consensus dissolved quickly, bringing the pension issue back into the electoral arena for the first time since the late 1970s. Conflicts over pension policy climaxed in 1997, when the government decided to reduce the net replacement rate for a standard pensioner from 70 to 64 percent (to be phased in by 2030). This reform was denounced both by the trade unions and the Social Democratic opposition as "indecent," and the Social Democrats (partly for electoral reasons) announced that they would reverse the reform after their return to government. While the Social Democrats, after their election victory in 1998, indeed suspended the corresponding law, fiscal pressures forced them to change their course in pension policy only one year later. First, in striking contrast to their election promises, they replaced net-wage indexation by consumer-price indexation for two years,[22] thereby laying themselves open to massive attacks by the opposition parties. More importantly, they put forward a reform plan, which went far beyond the plans of the preceding government, envisaging among others a radical reduction of benefit levels for future pensioners and the introduction of a private mandatory pillar (Hering 2001). These plans were fiercely criticized by both the trade unions and the Christian Democratic opposition, albeit for different reasons. Unions' criticism focused primarily on the severity of benefit cutbacks and the fact, that the shift towards private old-age provision would distribute the rising financing burden for old-age provision solely onto the shoulders of the wage earners rather than equally between employees and employers. By contrast, the Christian Democrats, while de facto sharing the principles underlying the government's reform proposal, attacked the Schröder government for mainly tactical reasons. The government made concessions to the Christian Democrats on virtually all of the issues the Christian Democrats had criticized in order to get their support in the Bundesrat, whose approval is required to get parts of the reform package passed. Moreover, by forging an alliance with the opposition, Schröder tried to isolate the trade unions as well as the leftist reform opponents within his own party. However, this strategy failed, since the Christian Democrats still opted against a "grand coalition" with the

---

21 It needs to be emphasized that the reform was legislated before German reunification. Opinion polls at the time suggested an election victory for the Social Democrats and their imminent return to government. Although their expectations were not fulfilled due to German reunification my interviews with German pension policy makers clearly confirm my assumptions about the strategic reasoning of the then Social Democratic leadership.

22 Later, this measure was limited to one year.

government, so as to exploit the pension issue in the electoral arena. At the same time, about 30 trade unionists and leftist Social Democrats in parliament had publicly announced to vote against the bill, unless substantial “improvements” were made. Thus, without the backing by the opposition parties, the government was dependent on the support of the left wing of the SPD in order to obtain a majority in parliament. As a consequence, the government had to make substantial concessions to the Social Democratic left-wingers and to the trade unions. First, the reduction in benefit levels will be considerably lower than initially envisaged. Second, collectively-agreed pension provision will take precedence over private provision (*Tarifvorbehalt*), thus giving the unions a voice in the area of fully-funded supplementary old-age provision. The unions were able to put through these changes to the original draft by forging a strategic alliance between themselves and the left wing of the SPD. As Andrea Nahles (2001), a prominent representative of the left-wingers in the party, has pointed out, this alliance gave the reform opponents a strong veto power:

> For strategic reasons, the SPD leftists needed the trade unions and their backing in society as a leverage. Conversely, trade unions would not have been able to exert such a large influence without the blocking power of the left-wing within the party’s fraction. (translation by the author)

In Germany, both the partisan and the corporatist arenas constitute a potential basis for a broad consensus over pension reform. However, the German case illustrates that the political conditions for negotiated adjustment in pension policy may change considerably over time. Thus it appears that in Germany situational rather than structural factors explain the success or the failure of concertational strategies in pension policy.

3.3.4 Austria: Reform Blockage by the Trade Unions

Austria has thus far made comparatively little progress in pension reform. Without further reform, outlays for public pensions, which are already very high by international standards, will rise to unsustainable levels in the future. In contrast to Italy and Sweden, Austria has not transformed its statutory pension insurance into a (notional) defined-contribution scheme. It only extended the “number of best years” marginally up to 18 years in the general scheme, but has failed to establish the principle of lifetime income in the calculation of public pensions. Furthermore, many changes, such as the higher retirement age for women, will be phased in extremely gradually and therefore the anyway rather limited savings effects will only become fully operational in the remote future. Moreover, no major steps have been taken towards a strengthening of private and fully-funded pension plans. Quite remarkably, however, Austria has managed to widely harmonize the benefit levels between the general scheme and the scheme for civil servants by altering the calculation basis for the latter from last salary towards the 18 best salary years (Lißner / Wöss 1999; Prinz / Marin 1999; Tálos / Wörister 1998).

Throughout the late 1990s, Austrian pension policy was characterized by very incremental changes that tinkered with the margins of the public pension system.[23] The half-heartedness of Austrian pension policy in the 1990s can be attributed to at least two factors. For one, intense political competition between the Socialist Party (SPÖ) and the People's Party (ÖVP) hampered a policy-oriented bargaining process. "Caught" unhappily in a "grand coalition" government, both parties had to suffer tremendous losses of votes to the right-wing populist Freedom Party FPÖ as early as 1986. As a consequence vote-seeking had become the dominant incentive in their strategic reasoning. Both sides therefore sought to strengthen their policy profile at the expense of the coalition partner by pursuing clientele interest politics rather than searching for effective policies to solve the "pension crisis."

For another, the relatively intense links between the social partners and the political parties, often described by the notion of social partnership ("*Sozialpartnerschaft*"),[24] in particular between the Austrian Trade Union Federation (ÖGB) and the SPÖ, gave the unions considerable influence within this specific government constellation This, too, contributed to a comparatively incremental reform process. Until recently, social partnership still constituted an informal veto point in the Austrian political system, even though its political significance has somewhat declined since the 1980s (Obinger 2001). The two packages of austerity measures adopted in 1995 and 1996 illustrate this point. Pressed by the Maastricht convergence criteria, Austria was forced to adopt very tight fiscal policies in the mid-1990s, including cuts in the pension system. In 1994, the government tried to enforce a number of consolidation measures on its own without consulting the social partners. The government finally caved in when the ÖGB threatened to launch strike actions against the package and announced that trade unionists in parliament would vote against the bill (Linnerooth-Bayer 2001; Sebald 1998).

By contrast, the social partners themselves (who had a substantial interest in Austria's EMU membership) were asked to work out the main elements of the 1996 austerity package. The envisioned cuts in the social partners' proposal were

23 While Tálos / Wörister (1998: 209–288) argue correctly that the process of pension retrenchment has gained momentum since the mid-1990s due to tighter fiscal constraints, most authors diagnose only modest pension cuts in Austria, if contrasted with pension reforms in other countries (Alber 1998; Mantel 2001).

24 For instance, until recently the Ministry of Social Affairs was de facto under the control of the ÖGB (Obinger 2001).

subsequently specified further and extended at the government level. This, however, was done in permanent consultation with the social partners' associations. Quite remarkably, the measures adopted were far more severe than those passed in the previous package. Thus, the inclusion of the social partners (and thereby the consideration of their institutional self-interests) clearly helped to sustain the political acceptance of welfare retrenchment (Sebald 1998; Unger 2000). The willingness to make sacrifices in the interest of Austria's EMU membership suggests that the Austrian trade union movement has, in principle, a very great capacity for strategic action (Scharpf 1997). In addition, the partial devolvement of social policy-making to the social partners enabled a relatively "technocratic" decision-making process to take place without overbearingly strong interference from the dynamics of party competition.

The veto power of the Austrian labor unions became again evident in the 1997 pension reform. As before, the internally estranged SPÖ / ÖVP government proved unable to bring about a pension reform against the trade unions' resistance. Similar to the 1995 austerity package, the government tried to enact substantial benefit cuts without first consulting the social partners. However, in the face of fierce opposition by the trade unions (who saw little need for pension cuts shortly after the adoption of the 1996 savings package), the government finally opted for an inclusion of the social partners in the reform process. Thanks to their close links to the trade unions (in particular those between the Austrian Trade Union Confederation ÖGB and the SPÖ) and to the negative experiences with the failed consolidation package of 1995, those politicians opposing a "pension reform without the social partners" gained the upper hand in the government camp (Tálos / Kittel 1999). Moreover, the trade unionists within parliament threatened to launch a vote of no confidence against the Socialist chancellor if the government refused to abandon its reform plans. In a last-minute deal, the social partners and the government agreed on a drastically watered-down version of the previous reform plan. Compared with a status-quo scenario, the 1997 reform will reduce pension spending until 2030 only by 3.1 percent within the general scheme (Rürup 2000).[25] Since the 1997 pension reform soon proved to be insufficient to tackle the problem of rising pension expenditures, the SPÖ-ÖVP government presented a new pension reform plan in January 2000 as part of a coalition agreement. The plan, which envisioned among other things an increase in the early retirement age within a relatively short time frame, was strongly rejected by the trade unions and caused severe disputes between representatives of ÖGB,

25 According to Rürup (personal communication), the 1997 reform achieved less than 15 percent of the savings originally intended by the government. The statement of a pension policy actor within the Austrian People's Party ÖVP is telling: "I've often said in interviews that for me the biggest disappointment ever was the pension reform of 1997" (Linnerooth-Bayer 2001: 30).

SPÖ and ÖVP, which finally contributed to the failure of the SPÖ-ÖVP coalition in February 2000 (European Industrial Relations Review 2000).

In contrast to its predecessors, the new center-right government possesses a strong neo-liberal profile in social and economic policy. As a consequence, the social policy measures are exceptional, especially with regards to the speed with which they are enacted (Obinger 2001; Tálos 2001). This also holds true for the pension reform package adopted in the summer of 2000, which introduced quite a number of austerity measures (such as an increase in the early retirement age) that were mostly implemented without major interim regulations. In particular, the latter aspect was met by fierce opposition from the trade unions and the Social Democratic opposition, which brought this issue to the constitutional court. Interestingly, the current government has not made any serious efforts to bring the unions and the opposition parties on board. By contrast, the new government tends to replace the traditional pattern of social partnership and concertation with a more confrontational strategy, often limiting its efforts to mere pseudo-negotiations with the trade unions (Obinger 2001). Moreover, the government aims to weaken the organizational strength of the trade unions so as to limit their political influence and to destroy their veto power. For instance, the competencies for labor law and labor market policy were transferred from the Ministry of Social Affairs to the newly created Ministry for Economy and Labor in order to restrict the traditional channels of influence for the ÖGB (Tálos 2001). As Obinger (2001) correctly points out, neither the harsh retrenchment policy of the new Austrian government nor its open course of confrontation vis-a-vis the trade union movement can be grasped as a strategy of blame avoidance (Pierson 1994; Weaver 1998). On the contrary, especially the neo-liberal FPÖ perceives the dismantling of corporatist structures and the pushing back of the welfare state as an opportunity for “credit claiming” also in the electoral arena. However, the losses for the FPÖ during the recent elections at the *Länder* level suggest, that this strategy may not be paying off. Nevertheless, the comfortable parliamentary majority for the current coalition government as well as the limited veto power of the opposition parties and the trade unions provide the government with considerable leeway to continue a policy of welfare retrenchment (Obinger 2001).

To sum up, two findings are central to the Austrian case. First, the internally divided SPÖ / ÖVP government proved unable to push through pension reforms against trade unions’ resistance. As a consequence, trade unions could effectively block major adjustments in the Austrian pension system until recently. In this respect, it appears unlikely in the Austrian case that a broad pension consensus in the partisan arena could be orchestrated without a simultaneous concertation between the government and the trade unions. Second, the incumbent right-wing government has made little effort to bring either the Social Democratic opposition or the trade unions on board. Due to its strong neo-liberal profile, this government appears to be unwilling to accept significant concessions to trade unions or other political parties even if this costs it votes in the electoral arena.

3.3.5 France: Adverse Prerequisites for a Pension Consensus

Among the five countries under study, France shows altogether the greatest deficits in placing its pension system on a more sustainable footing. While the Balladur reform of private sector pensions in 1993 will generate substantial savings in the medium term, contribution rates are still likely to rise considerably over time. Moreover, while significant steps were taken to strengthen the link between contributions and benefits, the reform neither brought about a full changeover to the principle of lifetime income for the calculation of benefits nor provided for a higher regular retirement age. The meager reform record is further tarnished by the failure of the Juppé government in 1995 to implement a very similar reform of public sector pensions, which will account for over 50 percent of the total deficit of the whole system (Taverne 2000). As already mentioned, French trade unions successfully launched large-scale strikes against the Juppé plan that lasted several weeks and forced the government to withdraw the envisaged cuts for public sector pensions. Finally, the plan to establish a new pillar of private and fully-funded pensions launched by the Juppé government in 1997 was stalled by the subsequent Socialist government, which instead only introduced a small reserve fund within the public system to cover future pension costs. Apart from that, the Jospin government has so far largely avoided grappling with the issue of pension reform. As a consequence, without further reform, contribution rates are projected to rise from 13.76 percent to 25.9 percent in 2030 (Taverne 2000).

Which factors can be held responsible for the standstill of pension reform in France since 1993? Broadly speaking, neither the French party system nor the system of industrial relations are particularly conducive to a broad alliance for pension reform. The party system, to begin with, is characterized by a very high degree of bipolar competition between the Socialist and the bourgeois camps (which are roughly the same size), largely resulting from the majoritarian electoral system. Therefore, a broad consensus over pension reform that includes the major political parties is extremely unlikely, even if their reform goals in pension policy do not deviate very much from one another.

At the same time, France lacks the institutional preconditions for a close cooperation between the government and the trade unions. As Culpepper (2000) points out, French trade unions may be able to successfully mobilize protest (as they have done against the Juppé plan), but are largely incapable of organizing consent among their rank and file owing to their limited capacity for strategic action.

For one, French trade unions are very competitive with one another. Consequently, a trade union cooperating with the government in welfare retrenchment can be easily denounced by other unions for “selling out” workers interests (Levy 2000). Moreover, trade union leaders in France have little control over their members, who often organize spontaneous strike committees on their own (Deutsch-Französisches Institut 2001). Thus, while the devolution of policy-making functions (namely to convince union members about the need for reform) to the trade unions was feasible in Italy with its more encompassing trade union structures, such a strategy is doomed to fail in France (Culpepper 2000).

As far as pension reform is concerned, another factor hampers the willingness of French unions to engage in large-scale pension reform with the government. As Bonoli and Palier (2000) point out, French trade unions are particularly eager to keep their position in the social insurance administration. Since French unions are insufficiently funded because only a small percentage of workers are organized, especially in the private sector, the involvement of unions in the management of social insurance bodies provides an indispensable source of jobs and income for union functionaries (Bozec / Mays 2001; Ebbinghaus 2001). As Palier (2001b) points out, French social insurance funds provide pseudojobs and real wages for people actually working for the trade unions. As a consequence, French trade unions strongly oppose the establishment of private pension funds, which may over time endanger the role of public social insurance and thus the organizational power resources of trade unions (Veil 2000a, 2000b).

However, as the Balladur reform has shown, pension cutbacks can be successfully implemented even under unfavorable political circumstances. According to Vail (1999), the success of Balladur is based on the judicious choice of policy substance as well as on the policy-making style on the part of the government. Both factors helped the government achieve at least the tacit acquiescence from the trade unions. Concerning policy substance, successful implementation was facilitated by limiting the reform to the less unionized private sector, by spreading out the reform over time, and by shifting the financing of non-contributory benefits from social contributions to taxes. As Bonoli (2000) points out, the latter measure had been a key demand of some trade unions. This relieved the financial pressure on social insurance schemes, thereby reducing the deficits within the system. More importantly, through the separation of contributory and non-contributory elements, the government de facto acknowledged the managerial role played by the trade unions in social insurance (by contrast, the Juppé reform in 1995 combined benefit cutbacks with an attack on trade unions’ managerial role within the system by empowering the parliament to vote every year on the social security budget) (Bozec / Mays 2001). Moreover, unions’ acquiescence was facilitated by the fact that the Balladur government adopted a deliberately non-confrontational policy and attached importance to intense consultations with the trade unions, whereas Juppé kept his reform plans secret and made no efforts to bring trade unions on board (Bonoli 2000; Vail 1999).

In short, consensus-building around pension reform is virtually impossible in the French party system due to fierce political competition between the socialist and the bourgeois camp. At the same time, the scope for corporatist concertation is limited by the presence of highly particularistic unions that possess a remarkable mobilizing capacity and a strong organizational self-interest in retaining their managerial positions in the social insurance system.

4 Conclusion

As the country-by-country review of national pension reform trajectories reveals, pension politics is clearly more than the functional adaptation to external pressures. To be sure, the internationalization of product and capital markets, the pressure for fiscal austerity, and especially the aging of populations constitute important driving forces for national policy-makers to place pension reform on the political agenda. In some countries, most notably Italy, the politically binding criteria of the Maastricht treaty have clearly accelerated the pace of pension reform. However, even there, the mere presence of European or international pressures did not guarantee the successful implementation of pension reforms. Supranational models of social policy reform therefore tend to neglect the importance of domestic factors.

As I have argued, the problem-solving capacity of national governments in pension policy critically depends on their ability to organize a stable political support basis for pension reform. Consensus-building across political parties and concertation between the government and the trade unions provide two alternative pathways to sustain the political feasibility of pension reform. In the partisan arena, it is mainly electoral competition between government and opposition rather than unbridgeable policy positions between left and right that impedes the emergence of a broad partisan consensus. However, if competing political parties prove capable of keeping the issue of pension reform out of the electoral arena, they will often achieve comparatively farreaching adjustments. In the corporatist arena, negotiated adjustment is often retarded by substantive disagreement between the government and trade unions over the required magnitude of cutbacks. Nevertheless, governments can overcome unions' resistance by carefully designing the pension reform package to include targeted concessions to the trade unions and by taking into account their institutional self-interests.

What conclusions can be drawn from national experiences in the area of pension policy about the adaptive capacity of the welfare state in general? As I have argued, the inclination of governments to forge a broad political basis of support for reform appears to be stronger in the politically sensitive area of pension reform than in most other social policy areas. However, while this renders pension reform a very cumbersome undertaking, the progress that has already been made since the early 1990s is considerable. If major institutional change is possible in a highly path-dependent and politically salient policy area such as public pensions (most notably those of the Bismarckian type), we have reason to believe that welfare state arrangements in general (even those in Continental countries) are not as rigid or resistant to reform as is often suggested.

References

Alber, Jens, 1998: *Recent Developments in Continental European Welfare States: Do Austria, Germany, and the Netherlands Prove to be Birds of a Feather?* Conference paper. World Congress of Sociology, Montreal, 29 July 1998.

Anderson, Karen M., 2000: *The Politics of Retrenchment in a Social Democratic Welfare State. Reform of Swedish Pensions and Unemployment Insurance.* Dissertation, University of Washington.

Antichi, Massimo / Felice Roberto Pizutti, 2000: The Public Pension System in Italy: Observations on the Recent Reforms, Methods of Control and their Application. In: Emmanuel Reynaud (ed.), *Social Dialogue and Pension Reform.* Geneva. International Labour Office, 81–94.

Baccaro, Lucio, 2000: *Negotiating Pension Reform with the Unions: The Italian Experience in European Perspective.* Conference paper. International Conference of Europeanists, Chicago, 30 March –2 April 2000.

——, 2001: *The Construction of "Democratic" Corporatism in Italy*. Paper prepared for presentation at the Max Planck Institute for the Study of Societies, Cologne, 23 March, 2001.

Bergmann, Torbjörn, 1999: Trade-offs in Swedish Constitutional Design: The Monarchy under Challenge. In: Wolfgang C. Müller / Strøm Kaare (eds.), *Policy, Office or Votes? How Political Parties in Western Europe Make Hard Decisions.* Cambridge: Cambridge University Press, 237–257

Blöndal, Sveinbjörn / Stefano Scarpetta, 1998: *The Retirement Decision in OECD Countries.* Economics Department Working Papers 202. OECD: Paris.

Boeri, Tito / Axel Börsch-Supan / Guido Tabellini, 2001: Would You Like to Shrink the Welfare State? A Survey of European Citizens. In: *Economic Policy* 16, 7–50.

Bonoli, Giuliano / Bruno Palier, 2000: How do Welfare States Change? Institutions and Their Impact on the Politics of Welfare State Reform in Western Europe. In: *European Review* 8, 333–352.

Bonoli, Guiliano, 2000: *The Politics of Pension Reform. Institutions and Policy Change in Western Europe.* Cambridge: Cambridge University Press.

Bozec, Géraldine / Claire Mays, 2001: *Pension Reform in France.* Report to the PEN-REF Project. Vienna, Paris: The Interdisciplinary Centre for Comparative Research in the Social Sciences (ICCR).
<http: / / www.iccr-international.org / pen-ref / >

Brugiavini, Agar et al., 2001: What Do Unions Do to the Welfare State? In: Tito Boeri et al. (eds.), *The Role of Unions in the Twenty-First Century. A Study for the Fondazione Rodolfo Debenedetti.* New York: Oxford University Press, 157–253.

Cioccia, Antonella / Sandro Turcio / Paolo Calza-Bini, 2001: *The Italian Pension System and Pension Reform Pathways*. Report to the PEN-REF Project. Vienna, Paris: The Interdisciplinary Centre for Comparative Research in the Social Sciences (ICCR).
<http: / / www.iccr-international.org / pen-ref / >

Council of the European Union, 2001: *Adequate and Sustainable Pensions. A Report by the Social Protection Committee on the Future Evolution of Social Protection*. Brussels: Council of the European Union.

Culpepper, Pepper D., 2000: *The Sources of Policy Innovation: Sub-national Constraints on Negotiated Reform.* Conference paper. Annual Meeting of the American Political Science Association, Washington, DC, 31 August – 4 September 2000.

Deutsch-Französisches Institut, 2001: *Standortpolitik und Globalisierung: deutsch-französische Perspektiven.* Opladen. Leske+Budrich.

Downs, Anthony, 1957: *An Economic Theory of Democracy.* New York: Harper & Row.

Ebbinghaus, Bernhard, 2001: *Reform Blockage or Self-Regulation? The Ambiguous Role of Social Partnership in European Welfare States.* Conference paper. SASE 13th Annual Meeting on Socio-Economics (Workshop on Re-thinking the Welfare State: Pension Reform in the Three Europes – II), University of Amsterdam, 28 June – 1 July 2001.

Ebert, Thomas, 2001: Rentenreform 2001: Sozialverträgliche Modernisierung? In: *Sozialer Fortschritt* 8, 182–187.

Economic Policy Commitee, 2000: *Progress Report to the Ecofin Council on the Impact of Ageing Populations on Public Pension Systems.* Brussels: European Commission.

——, 2001: *Budgetary Challenges Posed by Aging Populations: The Impact on Public Spending on Pensions, Health and Long-term Care for the Elderly and Possible Indicators of the Long-term Sustainability of Public Finances.* Brussels: European Commission.

Esping-Andersen, Gøsta, 1996: Welfare States Without Work: The Impasse of Labour Shedding and Familialism in Continental European Social Policy. In: Gøsta Esping-Andersen (ed.), *Welfare States in Transition. National Adaptations in Global Economics.* London: Sage, 66–87.

European Industrial Relations Review, 2000: *New Pension Reform Plans Heavily Disputed.* <http://www.eiro.eurofound.ie/2000/02/InBrief/AT0002211N.html>

Fargion, Valeria, 2000: *Italian Reforms: Towards More Equality?* Conference paper. Conference on comparer les systemes de protection sociale en Europe, Ministère de L'Emploi et de la Solidarité, Paris, 8–9 June, 2000.

Ferrera, Maurizio / Elisabetta Gualmini, 2000a: Italy: Rescue From Without? In: Fritz W. Scharpf / Vivien A. Schmidt (eds.), *Welfare and Work in the Open Economy.* Vol. II: *Diverse Responses to Common Challenges.* Oxford: Oxford University Press, 351–398.

——, 2000b: Reforms Guided by Consensus: The Welfare State in the Italian Transition. In: *West European Politics* 23, 189–208.

Gern, Klaus-Jürgen, 1998: *Recent Developments in Old-age Pension Systems – An International Overview.* Kieler Arbeitspapiere 863. Kiel: Kieler Institut für Weltwirtschft.

Gilmour, John B., 1995: *Strategic Disagreement: Stalemate in American Politics.* Pittsburgh: University of Pittsburgh Press.

Gohr, Antonia, 2001: *Maastricht als Herausforderung und Chance. Die Auswirkungen der europäischen Integration auf den italienischen Wohlfahrtsstaat.* ZeS-Arbeitspapier 8/01. Bremen: Universität Bremen, Zentrum für Sozialpolitik.

Green-Pedersen, Christoffer, 2001: The Puzzle of Dutch Welfare-state Retrenchment: The Importance of Dutch Politics. In: *West European Politics* 24, 135–150.

Green-Pedersen, Christoffer / Markus Haverland, 2002: The New Politics of the Welfare State and the New Scholarship of the Welfare State. In: *Journal of European Social Policy* 1 (forthcoming)

Hassel, Anke, 2001: *The Politics of Social Pacts: A Framework for Analysis.* Unpublished manuscript. Cologne: Max Planck Institute for the Study of Societies.

Haverland, Markus, 2000: *Constrained Choices? Reforming Pension Systems in Advanced European Welfare States.* Conference paper. XVIIIth International Political Science Association (IPSA) World Congress, Quebec City, 1–5 August 2000.

Hemerijck, Anton / Martin Schludi, 2000: Sequences of Policy Failures and Effective Policy Responses. In: Fritz W. Scharpf / Vivien A. Schmidt (eds.), *Welfare and Work in the Open Economy.* Vol. I: *From Vulnerability to Competitiveness.* Oxford: Oxford University Press, 125–228.

Hering, Martin, 2001: *The New Approach to Welfare State Reform in German Social Democracy.* Conference paper. Conference on Third Ways in Europe, European Consortium for Political Research Joint Sessions, Grenoble, 6–11 April 2001.

Hinrichs, Karl, 2000a: Elephants on the Move. Patterns of Public Pension Reform in OECD Countries. In: *European Review* 3, 353–378.

Hinrichs, Karl, 2000b: Von der Rentenversicherungs- zur Alterssicherungspolitik. Reformen und Reformprobleme. In: Karl Hinrichs et al. (eds.), *Kontingenz und Krise. Institutionenpolitik in kapitalistischen und postsozialistischen Gesellschaften.* Frankfurt a.M. / New York, 291–317.

Huseby, Beate M., 1995: Attitudes Towards the Size of Government. In: Ole Borre / Elinor Scarbrough (eds.), *The Scope of Government.* Oxford: Oxford University Press, 87–118.

Kitschelt, Herbert, 1994: *The Transformation of European Social Democracy.* Cambridge: Cambridge University Press.

——, 2001: Partisan Competition and Welfare State Retrenchment. When Do Politicians Choose Unpopular Policies? *The New Politics of the Welfare State.* Cambridge: Oxford University Press, 265–302.

Leinert, Johannes / Andreas Esche, 2000: *Advance Funding of Pensions.* Gütersloh: Bertelsmann Foundation.

Levy, Jonah D., 2000: France: Directing Adjustment? In: Fritz W. Scharpf / Vivien A. Schmidt (eds.), *Welfare and Work in the Open Economy.* Vol. II: *Diverse Responses to Common Challenges.* Oxford: Oxford University Press 308–350.

Lindbom, Anders, 2001: De borgerliga partierna och pensionsreformen. In: Joakim Palme (ed.), *Hur blev den stora kompromissen möjlig? Politiken bakom den svenska pensionsreformen.* Stockholm: Pensionsforum, 50–87.

Linnerooth-Bayer, Joanne, 2001: *Pension Reform in Austria.* International Institute for Applied System Analysis. Report to the PEN-REF project. Vienna, Paris: The Interdisciplinary Centre for Comparative Research in the Social Sciences (ICCR). <http://www.iccr-international.org/pen-ref/>

Lipset, Seymour Martin / Stein Rokkan, 1967: *Party Systems and Voter Alignments: Cross-National* Perspectives. New York: Free Press.

Lißner, Lothar / Josef Wöss, 1999: *Umbau statt Abbau. Sozialstaaten im Vergleich. Deutschland – Österreich – Schweden.* Cologne: Bund-Verlag / ÖGB-Verlag.

Lundberg, Urban, 2001: Socialdemokratin och 1990-talets pensionsreform. In: Joakim Palme (ed.), *Hur blev den stora kompromissen möjlig? Politiken bakom den svenska pensionsreformen.* Stockholm: Pensionsforum, 8–49.

Mantel, Jan, 2001: *Progress Report European Pension Reforms.* Columbus: Merill Lynch.

Mulé, Rosa, 2000: *Political Parties, Games and Redistribution*. Cambridge: Cambridge University Press.

Myles, John / Paul Pierson, 2001: The Comparative Political Economy of Pension Reform. In: Paul Pierson (ed.), *The New Politics of the Welfare State*. Oxford: Oxford University Press, 305–333.

Nahles, Andrea, 2001: *Rentendiskussion endet mit Erfolg für die SPD* (Stellungnahme zur Rentenreform.
<http: / / home.t-online.de / home / detlev.larcher / >

Ney, Steven, 2001: *The Rediscovery of Politics: Democracy and Structural Pension Reform in Continental Europe*. Draft. Vienna: The Interdisciplinary Centre for Comparative Research in the Social Sciences (ICCR).

Nullmeier, Frank / Friedbert W. Rüb, 1993: *Die Transformation der Sozialpolitik: Vom Sozialstaat zum Sicherungsstaat*. Frankfurt a. M.: Campus.

Obinger, Herbert, 2001: *Vetospieler und Staatstätigkeit in Österreich. Sozial- und wirtschaftspolitische Reformchancen für die neue Mitte-Rechts-Regierung*. Zes-Arbeitspapier Nr. 5 / 01 Bremen: Universität Bremen, Zentrum für Sozialpolitik.

OECD, 1988: *Reforming Public Pensions*. Paris: OECD.

——, 2001: *Social Expenditure Data Base*. Paris: OECD.

Palier, Bruno, 2001a: *Comparing Social Insurance Reforms in Continental Europe: Analytical Framework and Hypotheses*. Draft. Centre National de Recherche Scientifique, Paris.

——, 2001b: The Necessity to Negotiate Welfare Reforms in Bismarckian Social Protection Systems, the French case. Conference paper. XVIIIth International Political Science Association (IPSA) World Congress, Quebec City, 1–5 August 2000.

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

——, 1996: *The New Politics of the Welfare State*. In: *World Politics* 48, 143–179.

——, 1998: Irresistible Forces, Immovable Objects: Post-industrial Welfare States Confront Permanent Austerity. In: *Journal of European Public Policy* 5, 539–560.

Pierson, Paul / R. Kent Weaver, 1993: Imposing Losses in Pension Policy. In: R. Kent Weaver / Bert A. Rockmann (eds.), *Do Institutions Matter? Government Capabilities in the United States and Abroad*. Washington, DC, 110–150.

Pitruzello, Salvatore, 1997: Social Policy and the Implementation of the Maastricht Fiscal Convergence Criteria: The Italian and French Attempts at Welfare and Pension Reforms. In: *Social Research* 64, 1589–1642.

Prinz, Christopher / Bernd Marin, 1999: *Pensionsreformen. Nachhaltiger Sozialumbau am Beispiel Österreichs*. Frankfurt a.M.: Campus.

Regini, Marino, 1997: Still Engaging in Corporatism? Einige Lehren aus jüngsten italienischen Erfahrungen mit der Konzertierung. In: *Politische Vierteljahresschrift* 38, 298–318.

Ross, Fiona, 2000: 'Beyond Left and Right': The New Partisan Politics of Welfare. In: *Governance* 13, 155–183.

Rürup, Bert, 2000: Die Pensionsreform 1997. In: *Versicherungsgeschichte Österreichs* 6, 353–379.

Scharpf, Fritz W., 1997: *Games Real Actors Play: Actor-centered Institutionalism in Policy Research.* Boulder, CO: Westview Press.

——, 2000a: Economic Changes, Vulnerabilities, and Institutional Capabilities. In: Fritz W. Scharpf / Vivien A. Schmidt (eds.), *Welfare and Work in the Open Economy*. Vol. I: *From Vulnerability to Competitiveness.* Oxford: Oxford University Press, 21–124.

——, 2000b: Institutions in Comparative Policy Research. In: *Comparative Political Studies* 33, 762–789.

Schmidt, Vivien A., 2000: Values and Discourse in the Politics of Adjustment. In: Fritz W. Scharpf / Vivien A. Schmidt (eds.), *Welfare and Work in the Open Economy*. Vol. I: *From Vulnerability to Competitiveness.* Oxford: Oxford University Press, 229–309.

Sebald, Marisa, 1998: Die "Sparpakete" Mitte der neunziger Jahre. In: Emmerich Tálos / Bernhard Kittel (eds.), *Sozialpartnerschaft und Entscheidungsprozesse (Projektbericht).* Unpublished manuscript. Universität Wien, Institut für Staats- und Politikwissenschaft / Institut für Soziologie, 5–105.

Siebert, Horst, 1998: Pay-as-You-Go versus Capital-Funded Pension Systems: The Issues. In: Horst Siebert (ed.), *Redesigning Social Security*. Kiel: Mohr Siebeck, 3–33.

Strøm, Kaare / Wolfgang C. Müller, 1999: Political Parties and Hard Choices. In: Kaare Strøm / Wolfgang C. Müller (eds.), *Policy, Office, or Votes?* Cambridge: Cambridge University Press, 1–35.

Tálos, Emmerich, 2001: Sozialpolitik zwischen konservativer Tradition und neoliberaler Orientierung. Eine Einjahresbilanz der ÖVP / FPÖ-Regierung. In: *Kurswechsel*, Heft 1, 1–11.

Tálos, Emmerich / Bernhard Kittel, 1999: Sozialpartnerschaft und Sozialpolitik. In: Ferdinand Karlhofer / Emmerich Tálos (eds.), *Zukunft der Sozialpartnerschaft.* Wien, 137–164.

Tálos, Emmerich / Karl Wörister, 1998: Soziale Sicherung in Österreich. In: Emmerich Tálos (ed.), *Soziale Sicherung im Wandel – Österreich und seine Nachbarstaaten. Ein Vergleich.* Wien: Böhlau, 209–288.

Taverne, Dick, 2000: *Can Europe Pay for its Pensions?* London: Kogan Page.

Tsebelis, George, 1995: Decision Making in Political Systems: Veto Players in Presidentialism, Parliamentarianism, Multicameralism and Multipartism. In: *British Journal of Political Science* 25, 289–325.

——, 1999: Veto Players and Law Production in Parliamentary Democracies: An Empirical Analysis. In: *The American Political Science Review* 93, 591–608.

Unger, Brigitte, 2000: Was Ohnmacht macht: Handlungsspielraum in Österreich. In: Josef Schmee (ed.), *Politische Ökonomie, Macht und Arbeitnehmerinstitutionen im Kapitalismus.* Marburg: Metropolis, 277–296.

Vail, Mark I., 1999: The Better Part of Valour: The Politics of French Welfare Reform. In: *Journal of European Social Policy* 9, 311–329.

Veil, Mechthild, 2000a: Konfrontation oder Konsens? Rentensystem und Rentenreformen in Frankreich. In: Deutsch-Französisches Institut (ed.), *Frankreich-Jahrbuch.* Opladen: Leske+Budrich, 205–223.

——, 2000b: Reform der Alterssicherung in Frankreich – Thematisierungschancen für die Diskussion in Deutschland. In: *WSI-Mitteilungen* 11 / 2000, 726–734.

Wadensjö, Eskil, 2000: Sweden: Reform of the Public Pension System. In: Emmanuel Reynaud (ed.), *Social Dialogue and Pension Reform*. Geneva: International Labour Office, 67–80.

Weaver, R. Kent, 1998: The Politics of Pensions: Lessons From Abroad. In: R. Douglas Arnold et al. (eds.), *Framing the Social Security Debate: Values, Politics, and Economics.* Washington, DC: Brookings Inst. Press, 183–228.

Wijnbergen, Christa van, 2000: *Co-opting the Opposition: The Role of Party Competition and Coalition-Making in Curing the Dutch Welfare State.* Conference paper. Second Graduate Student Training Retreat in Comparative Research, Yale University, 13–14 May 2000.