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Private Pensions versus Social Inclusion? Non-State Provision for Citizens at Risk in Europe

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Reviewed by Daniel Béland
Canada Research Chair in Public Policy and Professor
Johnson-Shoyama Graduate School of Public Policy
University of Saskatchewan (Saskatoon, SK)
daniel.beland@usask.ca

Since the 1980s, most advanced industrial countries have attempted to curb the increase in public pension spending by encouraging the development of private schemes and, in some cases, by reducing the scope of existing state entitlements. This timely volume explores the potential consequences of such recent policy shifts for the income situation of future retirees in Europe. More specifically, the book focuses on six countries, divided into two main categories: countries that have long relied on private pensions (i.e., Britain, the Netherlands, and Switzerland) and countries that have recently reduced state entitlements while pushing for the expansion of traditionally marginalized occupational pensions (i.e., Italy, Germany, and Poland).

The main objective of the book is not only to survey recent reform trends in these six countries but to assess their future impact on ordinary people in terms of income security, poverty alleviation, and social inclusion. In order to do that, the volume features simulations that approximate the future pension entitlements of different individuals who would retire in the year 2050 under each of the six national pension systems. Centered on fictitious individuals of both sexes, with various work and family trajectories, this analysis allows the volume's contributors to assess the potential performance of the six national pension systems in terms of gender equality and social inclusion. Moreover, these simulations examine the possible impact of divorce and career interruptions on future pension levels.

After the introduction, the book is divided into six country chapters that explore recent pension reforms before assessing the future income-maintenance performance of each national pension system. Each of these chapters is written by one or several specialist(s) of the country under investigation. As for the conclusion, it puts all the pieces of the puzzle together by systematically comparing the six countries discussed with greater detail in previous chapters. The inclusion of such a substantial conclusion considerably increases the coherence of this volume. Most edited volumes do not hold together as well, so the editors must be commended for this effort. Centered on clear questions and on a consistent chapter structure, this is one of the most coherent edited books I have read in many years.

The main question addressed in the volume is clear: "Are private pensions fundamentally incompatible with social inclusion, or are there circumstances in which they can play a positive role?" (p. 223). Not surprisingly for this reader, their answer is that it very much "… depends on the type of private pension and the overall regime framework in which they are placed" (p. 248). From this perspective, countries like Switzerland and, especially, the Netherlands, which offer generous state benefits combined with private yet *compulsory* occupational coverage, are in a better position to reduce old-age poverty and social exclusion than countries such as Italy and Poland, where non-redistributive public pensions exist alongside voluntary and less developed occupational pensions. As argued, private pensions can make a difference when they become widespread or even universal. In other words, private benefits can have a positive effect on income maintenance for many citizens in the context of pension systems where private schemes they are not only well regulated but also compulsory. This is only one of the book's conclusions, and to summarize all of the findings would be impossible here. Overall, the book offers a subtle and complex overview of the income maintenance and social inclusion challenges associated with the governance of both public and private pension schemes in advanced industrial countries.

An excellent book, it is not without some minor flaws. First, contentious and problematic concepts like "social exclusion" are not properly defined, at least from a strictly conceptual standpoint. European readers may take these concepts for granted, but other scholars may find them problematic or even confusing. In general, more analytical clarity about social "exclusion" and "inclusion" would have proved helpful. Second, the contributors constantly use the language of "pillars" used by the World Bank (1994) without attempting to distance themselves from this ideological construction. As recent historical scholarship on Switzerland suggests (Leimgruber 2005), the concept of "three pillars" is a politically charged—and potentially misleading—term that scholars should use carefully. In fact, as some of the chapters seem to suggest, the "three pillars" metaphor is more a reform idea and a political slogan than a social science concept that accurately illustrates how the six pension systems under investigation actually work (e.g., in many cases, the state pension remains the foundation of the pension system rather than a mere "pillar" among others). Finally, the editors do not discuss the distinction between income-tested and means-tested pensions. For them, social assistance is always means-tested and, consequently, a source of stigma for beneficiaries. This belief leads them to downplay its role in "inclusive" pension policy. Yet, as the Canadian experience shows, income-maintenance programs like the federal Guaranteed Income Supplement (GIS) can reduce poverty and social exclusion without necessarily creating a stigma (Wiseman and Yčas 2008). Despite these minor flaws, *Private Pensions versus Social Inclusion?* is an important contribution to the pension literature and a must-read for scholars in the field.

References

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