Moving from “Defined Benefit” to “Undefined”:
The interests in the enhancement of supplementary provision for old age in Germany

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Abstract

With the pension reform of 2001, the main objectives of pension politics in Germany have changed, because of the necessity for additional – occupational and/or individual – saving arrangements. In result, the German pension system has shifted from a “defined benefits” system to an “undefined” status. The paper analyses the process of policy formation because such a “system shift” cannot be solely explained by the internal problems of the pension system and the external macro-economic environment. The thesis is that there is a restructuring process of the German pension system taking place in which different actors pursue different interests but rely on the same means. In 2001 the collective actors employers, employees, and the political-administrative system all could agree on the expansion of the so called second and third pillars of the pension system – nevertheless there was no mutual intention. Pension politics cannot be reduced to “technical” answers to commonly shared questions, but have to be understood as the result of political conflict. Therefore, the interests of the actors shape “corridors of reforms”, restraining the amount of possibilities.
Introduction

It is a common notion that the German pension system is a three pillar system, based on the compulsory pay-as-you-go pension scheme (first pillar), occupational pensions (second pillar), and personal pensions (third pillar). This perception is a political one, because the image of “pillars” suggests these three elements to be at least comparable in their weight and that the most stable design would abut on three well balanced supports. In the political discussion on the German pension system, this notion is quite new. Until the late 1990s all political actors agreed that the pension system was somehow identical to the compulsory pay-as-you-go pension-scheme, institutionalized in the Gesetzliche Rentenversicherung (GRV). But in the course of the pension reform in 2001, the actors’ concept of the German pension scheme has changed. Now there is a broad consensus between the political-administrative system, employers and employees, to enlarge the second and third pillar and to reduce the importance of the first pillar.

It is widely accepted in political science that the pension reform in 2001 can be seen as a system shift (Lamping/Rüb 2004, Hinrichs/Kangas 2003). It is the aim of this article to analyse the political process that made such a reform possible. Therefore, the article might be a useful addition to other policy centred works (like e. g. Hering 2004b, Hinrichs 2000a, Hinrichs/Kangas 2003). The focus is on occupational pensions and private pensions (see Lamping/Rüb in this journal for the political process concerning the Gesetzliche Rentenversicherung, and Trampusch 2006). Concentrating on politics means that the actors’ interests become more important. As developed elsewhere it is helpful to reduce the actors to the abstract categories of employers, employees, and the political administrative system (Hegelich 2006). To use these categories operational, the concrete positions of actors concerning the enhancement of
occupational pensions are analysed. By this method, it is able to question the common statement the German pension system would have changed to a defined-contribution system (Hinrichs/Kangas 2003, 581). On the ground of an interest based analyses the status quo rather appears “undefined”.

The article evolves as followed: For the sake of the argument, it is important to recapitulate the importance of the pension reform in 2001 in relation to the three main objectives of the German pension system; retirement as an autonomous status, the participation of the elderly in economic growth, and the benefits received principle. The next section deals with the role of occupational pensions in the German pension system, first in general, than according to its importance before and after the 2001 reform. The same structure is used for the analyses of “private provisions”. The main section focuses on the actors’ interest in the enhancement of the second and third pillar. The different interests are put together in “shared believes and lines of conflict”.

The pension reform in 2001

The enhancement of supplementary provision for old age affects the main objectives of the German pension system: retirement as an autonomous status (1), the participation of the elderly in economic growth (2), and the benefits received principle (3). Retirement as an autonomous status is far from self-evident. In Germany, a “clear-cut and definitive exit from employment on reaching old age” (Manow 1997, 26) was not institutionalized until the pension reform of 1957 (Myles 1984, 14). To establish a pension system that allowed the elderly to rely on state granted benefits instead of continued labour with supple-
mentary pensions, the level of benefits had to increase dramatically.

The benefit increase of more than 60 per cent in the spring of 1957 transformed public pensions as a floor of retirement income into an actual wage replacement that subsequently increased to a higher ratio (Hinrichs/Kangas 2003, 576).

Based on the increasing wages during the *Wirtschaftswunder* the GRV provided a level of benefits, normally high enough to sustain a quite comfortable living standard for the retirees. Despite all retrenchment that took place during the 1980s and the 1990s, retirement as an autonomous status was not affected substantively until 2001. Börsch-Supan noted in the run-up of the pension reform of 2001: “The German retirement insurance system has a high level of pension benefits. The after-tax pension for current retirees who have had a 45-year earnings history and average life-time earnings is about 70 percent of average net earnings by current workers” (Börsch-Supan 2001, 18). The distinction between work and retirement appears empirical in the participation of the elderly in the labour force. In 2001 only 2.7 per cent of the 65 years and older population was working (OECD 2004). The degree of “de-commodification” is therefore – for people beyond 65 – extremely high.

A second main objective of the German pension system is the participation of the elderly in the economic growth. Institutionalized in the *dynamic pension*, “wage indexation has kept the income distribution between workers and pensioners constant as it has automatically transferred productivity gains also to pensioners” (Börsch-Supan 2001, 18). The method of pension revaluation has been changed in the *Rentenreform 1992*. Since then, the replacement rate after 45 years in continuous employment for an average wage is calculated on the basis of the *net* wage, instead of the *gross* wage development (Nullmeier/Rüb 1993, 365-390). But the idea, that the older generation par-
ticipates in the development of the wages, still is central to the German pension system and gives the notion of the generational compact (Generationenvertrag) its legitimacy.ª

The third objective of the German pension system affected by the enhancement of supplementary pensions, is the benefits received principle. The German pension scheme is “strictly earnings-related and hardly distributing in the vertical dimension” (Hinrichs/Kangas 2003, 576). This feature is the main reason why the German pension system is often seen as a “prototype of a conservative welfare regime” (Hinrichs/Kangas 2003, 576). This objective had been weakened in the 1970s through the political pressure of the trade unions on the social democrats, but nevertheless remained dominant.

In the 1980s and the 1990s the benefits received principle was even reinforced, amongst others through the Haushaltsbegleitgesetz 1983 (HBeglG 1983). From this point on, periods of unemployment (again) did not result in pension claims (Nullmeier/Rüb 1993, 136).

All three objectives – retirement as an autonomous status (1), the participation of the elderly in economic growth (2), and the benefits received principle (3) – were affected by the enhancement of supplementary provision for old age initiated with the reform of 2001. The aim is, first, to examine this change in regard to the three above developed objectives, therefore the role of occupational
and personal pensions is to be analysed. Second, the paper asks why such a change was possible in 2001 but not before. The third aim is to define a corridor for the ongoing process of reforms. The key variables to the second and third are the actors’ interests concerning the enhancement of the second and the third pillar.

Occupational pensions and personal provisions in the German pension system

That occupational and personal pensions do not play a decisive role in the German pension system can be concluded from the three above developed main objectives. If retirement as an autonomous status is aspired to, it has to be guaranteed for almost the complete work force without regard to private or occupational discrepancies. Therefore, the average replacement ratio has to be high enough to sustain approximately the former living standard. “The German retirement insurance system has a high level of pension benefits. The after-tax pension for current retirees who have had a 45-year earnings history and average life-time earnings is about 70 percent of average net earnings by current workers. [...] [T]his high replacement rate has made public pensions by far the largest pillar of retirement income and has made funded retirement income, such as asset income or firm pensions, largely unnecessary” (Börsch-Supan 2001, 18). The pension reform 2001 challenges retirement as an autonomous status because it “explicitly abolishes the claim of the scheme to provide status maintenance through public benefits alone” (Hinrichs/Kangas 2003, 581).

The participation of the elder in the economic growth, institutionalized in the dynamic pension, does not leave much room for the second and third pillar, as well.
Occupational and private pensions are normally capital funded and therefore do not have any effect on the allocation between pensioners and the working young. Participation in the economic growth in a capital funded pension system is limited to the extent, in which the rate of interest ascends due to the rising demand for capital in times of economic boom.

The benefits received principle seems at first glance to be consistent with the second and third pillar, because the rate of pensions reflects the personal contributions. But in the German pension system the benefits received principle refers to the GRV. If the retirement income is preponderating, based on occupational and private pensions, then personal differences like the industrial sector of lifetime occupation or access to private insurance plans are more important than the amount of contributions.

It is therefore not astounding that occupational and private pensions only played a minor role in the German pension system. “Hitherto, retirement income policy in Germany was tantamount to public pension policy and a ‘one-pillar approach’. At present 80 per cent of total retirement income stems from unfunded public sources (when the civil servants’ pensions are included). Other resources during retirement regularly bare a supplementary character” (Hinrichs/Kangas 2003, 581). Nevertheless, occupational and private pensions did exist before 2001. To explain the quality of the reform of 2001 it is therefore necessary to refer to the role of occupational pensions and private provisions before and after 2001.

**The role of occupational pensions until 2001**

In 1974 occupational pensions were for the first time subject of legislative regulation. The *Betriebsrentengesetz* (occupational pensions-law) from 1974 signified that pen-
sion promises given by the employer could not simply be withdrawn, but it said nothing about whether or not employers and employees had to stipulate on an occupational pension plan. Occupational pensions therefore remained a fortuitous event in the private sector. Only in public service was there a collective agreement for a supplementary provision (Zusatzversorgung im öffentlichen Dienst, ZÖD). In 1999, the ZÖD covered 91 per cent of the male employees and 58 per cent of the female employees in public service (BT-Drucksache 14/7640, 163). The main reason why women do not profit to the same extent from the ZÖD is that part-time labour (less than 50 per cent of full-time) does not lead to pension claims in this institution. For the discussion on occupational pensions it is very remarkable that the ZÖD is pay-as-you-go financed (BT-Drucksache 14/7640, 11). So, many aspects of the debate about the enhancement of the second pillar do not apply here (Leiber 2005, 315).

“Outside the public sector, almost nowhere have occupational pensions been an element of industry-wide collective bargaining so far. Thus coverage is comparatively low and has been on the decline for about 25 years” (Hinrichs/Kangas 2003, 581). In 1999 only 24 per cent of pensioners (44 per cent of male, 10 per cent of female) received an occupational pension (Betriebliche Altersvorsorge, BAV) (BT-Drucksache 14/7640, 157). The distribution of these is very heterogeneous between different companies as well as between different employees. Approximately one third of the companies in former West Germany in 1999 offered an occupational pension plan. These companies were typically big industrial corporations, mainly from the sectors energy and mining (Leiber 2005, 314). Pensioners who get an occupational pension are typically those, having a more than average pension from the GRV. There are two main reasons for this. First, employees with a higher income than the contribution assessment ceil-
ing (Beitragsbemessungsgrenze) in the GRV have to appeal for supplementary pensions if they want to secure their living standard. Second, employers normally use occupational pensions to tie well qualified and high paid employees to the company (BT-Drucksache 14/7640, 14). The fact that women are often paid worse and do not get into leading positions, leads to the above mentioned differences between the sexes in the BAV.

Both, the ZÖD and the BAV, had a purely supplementary character until 2001 and their benefits were almost solely used to enhance the benefits from the GRV.\textsuperscript{10} In the \textit{Neue Länder}, occupational pensions hardly played any role. Here, only two per cent of the former labour force received any benefits from either the ZÖD or the BAV (BT-Drucksache 14/7640, 16).\textsuperscript{11}

\textbf{Occupational pensions today and tomorrow}

In the national strategy report on old age security (\textit{Nationaler Strategiebericht Alterssicherung}), the German government underlines the importance of the enhancement of the second and third pillar for the pension reform 2001 (BT-Drucksache 14/9503, 9).\textsuperscript{12} From the beginning of the reform process the definition of the second and third pillar was limited to personal pension plans that “will operate as individualized, defined-contribution, money-purchasing schemes” (De Deken 2002, 285).

The most fundamental change concerning occupational pensions in the pension reform 2001 was the implementation of deferred compensation (\textit{Entgeltumwandlung}) as legal title.

Bisher war die betriebliche Altersvorsorge überwiegend eine freiwillige Sozialleistung der Arbeitgeber. Seit dem 1. Januar 2002 haben nunmehr die Beschäftigten grundsätzlich das Recht, von ihrem Arbeitgeber den Aufbau einer
Deferred compensation means that parts of the wage are transferred into a pension plan (relying on insurances, retirement pension institutions, or pension funds). Occupational pensions in this way are therefore no longer supplementary in the sense of an addition to the wage. The new occupational pensions according to the deferred compensation reduce the monthly salary (indeed not nominal) and therefore have a negative effect on the wage-drift. Additional payments from the employer are still possible but not compulsory (Bispinck 2002, 71). Every employer should by this way be able to afford an occupational pension plan and every employee has now the right to insist on deferred compensation. To what extent deferred compensation substitutes payments formerly made by the employers, is not yet clear.\textsuperscript{13} However, concerns that most employers would opt out of the old occupational pension plans have so far not come true (Leiber 2005, 318). The clear aim behind this reform was the dispersion of occupational pensions which should compensate the planned decline of the target replacement ratio in the GRV by 4 per cent.\textsuperscript{14} This effect should be intensified through selective measures of benefits through the government.

Another important aspect of reorganisation is that occupational pensions are now subject to compliance with the tariff (\textit{Tarifvorbehalt}). Deferred compensation can only
take place if there is a collective labour agreement on this topic. This strengthens the trade unions’ influence and leads to a wider dispersion, too.

These measures have increased the importance of occupational pensions in Germany. According to an inquiry among the workers’ councils, 79 per cent of the companies in 2005 have a special pension plan for occupational pensions (Leiber 2005, 316). It is to assume that this figure is not completely representative because small companies often do not have a workers’ council. Nevertheless, it indicates a significant shift. But the increase of occupational pension does not mean the end of the heterogeneous distribution. Occupational pensions still occur more often in big companies. Besides the sectors with traditionally high levels of occupational pensions, there is a strong increase in the amount of occupational pensions in the finance and insurance sector, as well as in the production of consumption goods (Leiber 2005, 316).

The role of privat provisions until 2001

There is no exact definition of “private provisions”. In principle, every kind of private saving, may it be in money or goods, with or without a financial institution (insurance, bank, or fund), could be regarded as private provision (Schmähl/Himmelreicher/Viebrok 2004, 30), but in general, life policies and specially arranged private pension plans are meant. In 2001, two thirds of the German population between 30 and 60 years said that they had private retirement provisions (Bulmahn 2003, 38). Nevertheless, asset income from private provisions only provided around 5 per cent of the income of the younger elderly (aged 65-69 years), which shows again the supplementary character of the third pillar (Börsch-Supan 2001, 15). As with the second pillar, private provisions have been very unequally
distributed. 90 per cent of the recipients of high incomes possessed private retirement provisions, while only 20 per cent of the underclass had access to the third pillar (Bulmahn 2003, 39).

In the former GDR, old age security for the vast majority was organized through the compulsory pay-as-you-go scheme of the Sozialpflichtversicherung (SV I) and a voluntary supplementary pension scheme (Freiwillige Zusatzerentenversicherung FZR), which was also pay-as-you-go financed (Hegelich 2004, 86). Occupational or private provisions for old age did not exist. After unification both schemes, the SV I and the FZR where integrated into the GRV, therefore in the Neue Länder the income of the elderly is almost totally dependent on the GRV (BT-Drucksache 14/7640, 15).

**Personal pensions today and tomorrow**

Probably the core of the pension reform of 2001 was the enhancement of the third pillar. To compensate the declining replacement rate, the reform established a system of subsidies for private pension plans that fulfil certain conditions (mainly a minimum level of contributions rising in relation to the decline of the replacement rate, and accredited institutions and methods of financing that guarantee vesting). Those private pension plans are called “Riester-Rente” after the Federal Minister of Labour, Walter Riester. All insured persons of the GRV can take out such a Riester-Rente.
Subsidies are either granted as supplementary allowance or as tax deduction. The necessary contributions are scaled on the basis of the personal income that is the basis for contributions to the GRV. In 2002 everyone had to contribute at least 1 per cent. This amount will rise until it reaches 8 per cent in 2008.

There are special measurements to support recipients of low incomes and mothers with children.

Although the Government calculated subsidies of 12.7 billion € in the year 2008, only relatively few persons have taken out a Riester-Rente so far. Only about 27 per cent of the possible clients had such a personal pension plan in 2005. „Bei rund 33 Millionen förderfähigen Personen ist ein Anstieg um nur zwei Prozentpunkte innerhalb eines Jahres enttäuschend und die konstante Verweigerungsraten von 73 Prozent ernüchternd“ (DIA (Deutsches Institut für Altersvorsorge) 2005, 1).

Thus the reform of 2001 has not led to an enormous increase in the third pillar. One reason might be that the Riester-Rente is very complex and bureaucratic (BMGS 2003, 36). Also, mostly those with higher incomes take advantage of private pension plans. Probably recipients of low incomes cannot afford to forgo significant parts of their wage, even if by doing so they miss the subsidies, and may even may the possibility of a secured standard of living when they retire. „Private provision (personal pensions,
income from assets) is on the increase but, like occupational welfare, it is predominantly a component in the benefit package of pensioners with formerly above-average earnings” (Hinrichs/Kangas 2003, 581).

Enhancement of the second and third pillar as a system shift

The significance of the pension reform 2001 has been underlined on various occasions. The most important change does not lie in the enhancement of the second and third pillar but in the new function of the GRV. The decline in the replacement rate questions retirement as an autonomous status – at least for those with low incomes and an intermittent working biography. The participation of the elderly in economic growth is not seen to be a main objective any longer. At least the contributions to the second and third pillar do not follow the benefits received principle. It has been argued that the pension reform 2001 meant a change from a “defined-benefits type” to a “defined-contribution type” (Hinrichs/Kangas 2003, 581).

It is not the aim of this paper to argue (again) for the significance of this shift, or to deny that the German pensions system is not based any longer on a defined level of benefits. But the analyses of the process of policy formation can explain why the pension reform 2001 was adopted that way and what may be the potential for further restructuring of the German pension scheme. In focussing on the actors and their interests, it becomes obvious that the characterisation of the German pension system as “defined-contribution type” is at least questionable.
Actors’ interests concerning the enhancement of the second and third pillar

“Parity representation became the golden rule in Germany in a deliberate effort to institutionalise a societal balance between labour and capital” (Ebbinghaus/Hassel 2000, 15). In the German pension system the influence of the social partners is strongly institutionalized. When talking about the actors of the pension system, it is therefore necessary to include at least the employers’ organisations and the unions. To avoid the narrow framework of corporatism actors are analysed as collective actors. Employers, employees and the political-administrative system are not homogeneous identities but abstract concepts represented by concrete political institutions. Their interests are the key variables to analyse the policy of the enhancement of the second and third pillar. “Interests” – in a pragmatic sense – can be defined as the aims and goals the actors want to reach. They are neither individual, because the actors are no individuals, nor societal in a structural sense. For the latter, it would be necessary to define abstract class interests, which is not the aim of this analysis.

The political-administrative system

From adjustment to structural reform

The enhancement of the second and third pillar was the subject of discussions within the political-administrative system long before the pension reform 2001, but the Federal Minister of Labour and Social Affairs, Norbert Blüm did not support such an idea. In 1996, the “commission on the development of the pension scheme” (Kommission zur Fortentwicklung der Rentenversicherung)
under Blüm argued strongly against the implementation of capital funded elements in the German pension scheme (Recht 1997, 135). Blüm did not want to break with the existing pension system and preferred to continue with the adjustment policy of the pension reform 1992. The position of the “employees-wing” within the Christian Democrats (CDU) shows that the idea of additional private and/or occupational pension plans was already in the debate. Especially the Federal Minister of Finance, Theo Waigel, exerted pressure on the Labour Minister (Hering 2004a, 366). At first, the Blüm position, that no fundamental changes were necessary, succeeded, but in 1998, the Labour Minister had to find a “compromise” with the Finance Minister. In the pension reform act 1999 (Rentenreformgesetz 1999) the expenditures of the GRV were reduced via the “demographic factor” and the resources were raised via transfers from the value-added tax. Hering argues that this policy change was caused by the intensification of the financial pressure because of the European Monetary Union. In this situation Chancellor Helmut Kohl, actually not interested in a pension discussion before the general elections, no longer supported his Labour Minister (Hering 2004a, 365-367).

In this context, Julius Louven, social policy speaker of the CDU, postulated the enhancement of the second and third pillar in 1998 (Louven in (GDV (Gesamtverband der Deutschen Versicherungswirtschaft) 1998, 2)). Remarkably in the run-up to the general elections, all parties besides the Greens agreed on the enhancement of the second and third pillar (GDV (Gesamtverband der Deutschen Versicherungswirtschaft) 1998, 5).

Bei der Altersvorsorge wollen CDU, CSU, FDP und SPD grundsätzlich am beitragsbezogenen System der gesetzlichen Rentenversicherung festhalten. Die FDP möchte darüber hinaus die Strukturreform in der Rentenversicherung mit einem schrittweisen Übergang zur Mischform aus umlagefinanzierter und kapitalgedeckter Alterssicherung
After the change of government the pressure on the pension system grew even more and the red-green coalition under Chancellor Schröder emerged as a real hardliner in pension questions.

Schröder [hatte] im Gegensatz zu Kohl nie die Absicht, an dem bestehenden Rentensystem festzuhalten. Im Gegenteil forderte er bereits vor seinem Amtsantritt, dass die Weichen in der Alterssicherung in Richtung Privatvorsorge gestellt werden müssen. (Hering 2004a, 369)

Indeed, one of the first measures of the Schröder-Government was the retraction of the pension reform of 1999 with its demographic factor. However, this was combined with an indexation of pensions only according to the rate of inflation (Ruland 2001a, 3510), as well as the restriction of the federal subsidy (Hering 2004a, 363). This lead to an even higher charging of the pensioners than the demographic factor would have meant (Engelen-Kefer 2000a, 549).

Finance Minister Hans Eichel, still under the pressure of the EMU, enforced a general budget cut of 7 per cent. The Ministry of Labour under Walter Riester had to organize extensive economies (up to 10 billion Euro a year) of which more than two thirds should be saved in the field of pensions (Hering 2004a, 368). However the Finance Minister also intervened directly in the debate on a reform of the pension system and announced: „Die Reform der Gesetzlichen Rentenversicherung ist überfällig“(Eichel 2000). The retirement age in particular was a subject of his critique.

The strong position of the finance minister can be ascribed to three factors: Firstly, there is the increasing financial pressure because of the Stability and Growth Pact and the lack of growth of the German economy (Hering 2004a, 350-356). Secondly, the importance of the federal subsidy
in financing the pension scheme increased during the 1990s – in part because of the costs of unification (Kaufmann 2000, 183) – therefore the influence of the finance minister on social policies grew as well (Trampusch 2003, 45).

Thirdly, Riester had no strong position within the government, because he had no other function he could rely on.

Nevertheless, it would be wrong, to assume Riester to be Schröder’s or Eichel’s “marionette”. In his function as vice-president of the metal workers’ union IG-Metall, he introduced the idea of “tariff-funds”. Wage increases should be used in part to finance early retirement in order to reduce unemployment. The policy of deferred compensation shows some parallels to this idea (Trampusch 2004, 244). The constraint to cut back pension expenditures gave the pension reform 2001 enormous legitimacy. Therefore, it is not surprising that Eichel was more criticized by the parliamentary social democrats than by Riester himself (Hering 2004a, 368).

Against this background, the change from adjustment policies to the structural reform of 2001 is to be understood.
The pension reform 2001

In the run-up to the reform, Riester came forward with the proposal to make a supplementary old age provision compulsory. As a result of the strong resistance of the opposition and public opinion, Riester had to withdraw this idea (Döring 2002, 102), (Nullmeier 2001, 654). Instead, Riester emphasised the allowance-aspect of the reform.

Diese Reform ist das größte Vermögensbildungsprojekt für Altersvorsorge, das jemals vorgelegt worden ist. Sie wird Generationengerechtigkeit herstellen, indem sie sicher für die Älteren und bezahlbar für die Jüngeren sein wird (Riester 2000, 332).

In the National Strategy Report on Old Age Security, the government underlines two main objectives of the reform: to find answers in response to the demographic change and to stabilize the contribution rate (BT-Drucksache 14/9503, 4). This can be seen as a paradigm shift, because now the replacement ratio becomes the dependent variable and the contribution rate the independent, while in every reform before it has been vice versa.

Für die gesetzliche Rentenversicherung soll nicht mehr wie bisher ein bestimmtes Leistungsniveau im Mittelpunkt stehen, sondern eine bestimmte Höhe des Beitragssatzes. Es kommt damit zu einem Rentenpolitischen Paradigmenwechsel (Ruland 2001b, 44).

The Government insisted that the pension reform should be seen in a broader context. Together with its economic and fiscal policy – especially the “ecological” energy tax reform and the consolidation of the budget – the pension reform should form the “general conditions” of long-term stability and economic growth (BT-Drucksache 14/9503, 4). This clarifies the paradigm shift, because the benchmark for a successful pension reform does not lie any longer in the German pension system itself but in the exter-
nal factors stability and economic growth. But then, the pension reform 2001 cannot be explained by the internal problems of the pension scheme. Obviously, the interests within the political-administrative system had changed and this change has important consequences for the further reform process. If long-term stability and economic growth are declared to be the benchmark for pension reforms, then the pension system is under permanent pressure for reforms until this benchmark is reached. Hence, the problem is that the pension system is at best one factor for stability and growth, to be more precise, a condition but by no means the cause. The objective to hold the contribution rate constant reveals the same logic: Again the benchmark for the “right” contribution rate can not be found within the pension system, but the stabilisation of the contribution rate shall be “an essential contribution to restrict the ancillary wage costs and therewith to the strengthening and securing of the general economic framework in particular with regard to international competitiveness” (BT-Drucksache 14/9503, 27). Again, the contribution rate is a condition (of the general economic framework which is a condition of international competitiveness). The replacement rate is only mentioned in a negative sense: It has to be declining in a way that allows the favoured contribution rate.

But within the political-administrative system, this was not the sole aim, otherwise there would have been no reason to set aside the demographic factor and to increase the second and the third pillar instead. In the National Strategy Report, the Government emphasized that the enhancement of occupational and private pensions was a compromise.

Der Einstieg in den steuerlich geförderten Aufbau eines zusätzlichen kapitalgedeckten Altersvorsorgevermögens war ein wichtiger Punkt in der politischen Debatte über die Rentenreform. Manche wären hier gern noch weiter gegangen – andere sahen die hergebrachten Grundsätze der Sozialversicherung gefährdet. Das Ergebnis dieser
Diskussion trägt beiden Gesichtspunkten Rechnung und besteht aus einer begrenzten, aber substanziellen Innovation (BT-Drucksache 14/9503, 8).

On the one hand there was critique – especially from the conservative opposition – saying the reform would not go far enough. The Christian Social Union (CSU) had developed its own concept for a pension reform, the “Bayrisches Oppositionsmodell für die gesetzliche Rentenversicherung”. As with the Riester-concept, the enhancement of the second and third pillar was substantial. However, there should be more freedom to choose the form of investment, and every citizen – not only the employees – should be convinced through subsidies to make a supplementary pension plan (Seehofer/Stamm/Söder 1999, 393). But all in all, the CDU/CSU supported the enhancement of the second and third pillar (Schnieber-Jastram/Singhammer/Storm 2000, 21). The critique of the conservative opposition focused on the too gentle decline of the replacement rate and the contribution rate.

However, there was also strong opposition to the pension reform within the SPD and from the unions. In 2000, the influence of the left-wing social democrats as well as of the unions was already declining. For example, Riester did not inform the “Bündnis für Arbeit” about his plans although there was a discussion about the pension system going on. In spite of criticism from the left, the pension reform 2001 was not modified. The left-wing of the SPD had been against the declining of the replacement rate and against the enhancement of supplementary pensions. Hering therefore argues that the left-wing of the SPD had no influence on the reform (Hering 2004a, 369), but one has to take into consideration that the government wanted to anticipate protests that would have occurred if a system-shift had been officially announced. That the government was very keen to keep the basis for a broad consensus including the left-wing can be seen in the case of the “Niveausi-
cherungsklausel”. The adoption of the pension reform was combined with the resolution that the government would have to interfere if the replacement rate sank below 67 per cent (BT-Drucksache 14/5164, 1). Originally, the government had planed to secure a level of 64 per cent.

With the enhancement of the second and third pillar the Schröder government could on the one hand reduce the labour costs (or at least prevent them rising because of the financial problems of the GRV). On the other hand, this measure could be presented as continuity to the old system. The citizens were told that their pensions could be saved if they took advantage of the subsidies, and the unions were explicitly invited to start collective bargaining on the topic of occupational pensions.  

The employers

The Confederation of German Employers’ Associations (BDA) was the first actor to insist on the three-pillar notion of the German pension system.

Die Altersvorsorge beruht auf drei Säulen. Je größere die Probleme der gesetzlichen Rentenversicherung werden, je mehr muß alles daran gesetzt werden, die Vorraussetzungen und Anreize für die individuelle Vorsorge zu verbessern. Dies gilt ebenso für die betriebliche Altersvorsorge, die nicht noch mehr in ihren Handlungsbedingungen eingeschränkt werden darf (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 1985, 79).

To enhance the second and the third pillar, the BDA wanted a decline of the replacement rate and the implementation of tax benefits for private and occupational pension plans.

Um eine Entwicklung in diese Richtung in Gang zu setzen, will die BDA das Rentenniveau absenken und die Dynamik der Beitragse- und Leistungsbemessungsgrenze von der
The idea of an enhancement of the second and third pillar had been debated by the employers for quite a long time, but their position in 2000 nevertheless showed a significant change. During the 1990s the employers had been quite content with the German pension system; at least they had not announced the need for a structural reform.

The position of the employers therefore, had become much more offensive. In the years before, they had postulated the enhancement of the second and third pillar only in regard to the demographic change. The scheduled time-scale for such a policy therefore, had been 2010 (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 1989, 99).

The employers also had been in favour of the implementation of deferred compensation, but again, the differences in the positions are remarkable. In the 1990s deferred compensation was regarded as a possibility to adjust occupational pension plans to the financial situation of the companies. However, the BDA stated, that an occupational pension would necessarily imply an employer financed
basic pension.\textsuperscript{31} In 2001, deferred compensation as legal title, as adopted with the pension reform, was embraced by the employers.\textsuperscript{32} At this point the positions among the collective actor employers differ: For many companies the old reasons for occupational pension – to tie the employees to the company and to install an additive reward system beside the tariff wage – still are important.\textsuperscript{33} Therefore, the employers’ part in occupational pensions has not vanished (Leiber 2005, 317).

In 2000 the employers held a very strong position in collective bargaining. Therefore, the integration of occupational pension plans was a good opportunity to widen the subjects of negotiation and in doing so increase the gains of social partnership (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 2000a, 28).

The employers’ criticism of enhancement of the second and third pillar in the pension reform 2001 was marginal. In the run-up to the reform, the BDA missed the possibility to organize occupational pension plans via a pension fund, but the government integrated this possibility (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 2000a, 30), (BT-Drucksache 14/9503, 11).\textsuperscript{34}

Other parts of the reform were seen to be too retaining. Especially the calculated increase of the contribution rate was a thorn in the employers’ side.

Ein Beitragssatz von 22 Prozent in 2030 (bis 2020: höchstens 20 Prozent) und damit von 2,7 Prozentpunkten über dem heutigen Wert ist sowohl aus wirtschaftlicher als auch aus sozialpolitischer Sicht nicht akzeptabel. (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 2000a, 28)\textsuperscript{35}

From the employers’ point of view the pension reform should drastically reduce their wage costs, but the structural problem was defined as a too generous level of welfare provisions as a whole. Therefore, they objected to financing the social security system by increasing taxes such as the energy tax (BDA (Bundesvereinigung
Deutscher Arbeitnehmer) 2000a, 26). In the reform process the employers in 2000 functioned as a catalyst. If the pension reform was supposed to affect the economy in a positive way, they argued, the established level of social security would have had to decline. The enhancement of the second and third pillar was a step in the right direction, but the GRV should be transformed into a basic pension.

The employees

In the late 1990s, the employees shared the opinion that the pension system had to be reformed, but the ideas announced by the unions were quite different from those of the other actors. The IG Metall in particular argued for a continuation of the politics of early retirement. Their idea was a pension at 60, financed through funds financed by the employers and the employees, and supported by the government. In doing so, it was hoped the unemployment would be reduced so that the budgets could be consolidated. The pension at 60 was intended to be calculated without actuarial adjustments. The loss of pension that would occur because the benefits are proportional to the years of service (approximately 12.5 per cent (Börsch-Supan 2001, 20)) should be compensated (in part) through the funds. Remarkably, the need for a reform of the pension scheme for the IG Metall does not come out of the pension system itself, but is explained through the external situation on the labour market. Pension politics are measured according to their effect on the labour supply. The German Confederation of Trade Unions (DGB) supported the pension at 60 but with restrictions (DGB (Deutscher Gewerkschaftsbund) 1999, 329). The DGB did not believe such a general agreement to be likely, but held up the idea of collective bargaining on this topic (Engelen-Kefer 2000b, 93). Within
the DGB, the construction workers’ union (IG BAU) in particular was against the pension at 60.\textsuperscript{38} The IG BAU did not protest against the other union’s initiative, but made clear that for their members even a moderate decline of pensions was not acceptable.\textsuperscript{39} Instead the IG BAU favoured a universal pension system for all citizens complemented by occupational pensions (Wiesehügel 2004, 230).

Zum Rentenkonzept der IG BAU gehört neben dem Plädoyer für ein universelles Rentensystem, das die gesamte Bevölkerung umfasst, das Recht, nach 44 Versicherungsjahren abschlagsfrei in Rente gehen zu können. [FN] Wer solange gearbeitet und in die Rentenversicherung einbezahlt hat, darf für die verschlissene körperliche Verfassung oder den verlorenen Arbeitsplatz nicht noch mit erheblichen Abschlägen bestraft werden (Wiesehügel 2004, 32).

This concept was explicitly meant in contrast to the ideas to increase actuarial adjustments and the retirement age. Contrasted with the IG Metall-concept, the differences within the interests of the collective actor employees become obvious. While the employees in the industrial sector still could profit from good wages, relatively secure jobs, and additional occupational pensions, and therefore could afford early retirement, the situation in the construction-sector was completely different. Wages were very low, the risk of losing one’s job was very high, so old age security for the members of the IG BAU was very precarious. This led to different positions towards the enhancement of the second pillar as well. While the IG Metall tried to affect the labour market through pension policies, the IG BAUwanted to secure retirement as an autonomous status for their members.

Unser Hauptziel ist es nicht, durch die Zusatz-Rente etwa Beschäftigungsimpulse zu geben oder Beschäftigung für Jüngere möglich zu machen, sondern wir wollen eine Rentenaufbesserung für unsere Mitglieder im Rentenfall erreichen (Laux 2001, 339).
For the IG BAU this position was not easy to maintain because the occupational pension they wanted to establish within the collective bargaining agreements meant a (moderate) wage-reduction for their members. The construction workers were far from in favour of their union’s proposal. In fact, because the German pension system could not assure retirement as an autonomous status for the construction workers in 2000, there is a strong parallel to the fundamental contradiction of the introduction of pension systems in Europe.

In view of the typical working conditions and insecurities faced by all workers […], it would be reasonable to expect them to have embraced the retirement principle; reasonable, that is, if in exchange for market wage they could anticipate an income sufficient to sustain them in old age. But such was not the case. Prior to World War II, public systems of old-age support were intended to supplement, not replace, the market wages of older workers and their families. To institutionalize retirement, it was first necessary to institutionalize the retirement wage (Myles 1984, 14).

To gain the support of their members, the IG BAU stressed the positive effect a capital funded occupational pension would have, but this again widened the gap between the IG BAU and the DGB, who were afraid the enhancement of capital funded pension plans could question the employers’ contribution to the pension system (Bispinck 2004, 12).³⁰

For the unions the enhancement of the second and third pillar as a integrated part within the reform concept was interesting, because in this field they still had a strong influence. They hoped their competency of collective bargaining would strengthen their position in the reform process. The DGB-position was to call for other methods of old age security in addition to the GRV. The government should provide a legal background that should include the responsibility for the employers to pay half of the contributions, elements of social transfer, and the guarantee of
claims in case of a change of position.\textsuperscript{41} It is quite obvious that the occupational pension plans were intended to use other methods. Vice chair of the DGB Ursula Engelen-Kefer expressed this directly: “Wenn man über ergänzende Systeme redet, so hat für die Gewerkschaften der Ausbau der 2. Säule, die betriebliche Altersvorsorge, eindeutig Priorität” (Engelen-Kefer 2000c, 186). Beside the fact that the unions wanted to establish their own responsibility in this field, occupational pensions had the advantage, from the unions’ point of view, that they had nothing to do with the budget of the GRV, so even if the unions admitted financial problems in the pension scheme they could still call for an increase of pensions via the second pillar. However, this did not conform to the decline of the replacement rate the government was pushing forward.

The DGB insisted that the second and third pillar had to be an addition and not a replacement for the first pillar. “Auch die Gewerkschaften sehen die Notwendigkeit einer zusätzlichen Altersvorsorge. Sie darf jedoch nicht zu Lasten der Ansprüche aus der gesetzlichen Rentenversicherung gehen, da sie dann nicht Zusatz sondern Ersatz ist” (Engelen-Kefer 2000a, 550).\textsuperscript{42}

Although the enhancement of the second pillar was an integral part of the pension reform 2001, the DGB strongly opposed the concept. Their main objection was the abandonment of the employers’ share in the capital funded pension plans.\textsuperscript{43}

Die Notwendigkeit ergänzender Vorsorge wird auch von den Gewerkschaften nicht bestritten. Der Dissens liegt jedoch darin, daß sie die (Fiktion der) Beitragssparität bei der Aufbringung der dafür vorgesehenen Mittel gewahrt wissen wollen (Hinrichs 2000b, 310).

The idea to make personal pension plans compulsory was scathed by the unions because it would have meant the official denial of the additive function of the second and third pillar (Schmitthenner 1999, 207). Deferred compensa-
tion was a problem for the unions, too. On the one hand they embraced the legal title; on the other hand this title offered no material gains. In their critique, the unions tried to show that the aims of the reform could not be reached by the means of deferred compensation. Their arguments were: Firstly, the financial situation of the pension scheme is not affected in the long-run, because the portion of the wages going into the occupational pension plan, are not liable to contributions to the GRV. Hence, not only do the expenditures fall, but the revenues decline too. Secondly, the substitution of the GRV through occupational pension plans falls short of the objective that pensions should develop dynamically (WSI (Wirtschafts- und Sozialwissenschaftliches Institut) 2000, 8), though some of the unions, especially the chemical workers’ union IG BCE and – as mentioned above – the IG BAU, supported the deferred compensation. The IG BCE had already negotiated a tariff in 1998 that included the possibility to transfer parts of the wage into an occupational pension plan (Förster 1999, 58).

The main focus in the pension reform 2001 was not the enhancement of the second but of the third pillar. Again the main criticism of the unions is that private pension plans should substitute parts of the GRV. The unions argued that by doing so only the employers share of the pension scheme would be reduced.

Relative Gewinner sind vor allem die Arbeitgeber, deren Beiträge festgeschrieben werden, während bei den Arbeitnehmern dem einen Beitragspunkt Entlastung eine Mehrbelastung von vier Prozentpunkten für die private Vorsorge entgegensteht. (WSI (Wirtschafts- und Sozialwissenschaftliches Institut) 2000, 3)

Another objection to the enhancement of private provisions was that private pension plans would discriminate women because of their biometric risks (Veil 2002, 95). In addition, the unions opposed the way the subsidies were granted, because it would intensify the differences between
employees with high and low income. „Besserverdienende, die i.d.R. ohnehin schon besser für das Alter abgesichert sind, und ist insofern verteilungspolitisch äußerst problematisch.“ (WSI (Wirtschafts- und Sozialwissenschaftliches Institut) 2000, 6). Subsidies alone would not enable those with low incomes to take out a personal pension plan.  

Of all actors’ positions, the employees’ is the most heterogeneous one. There is a conflict between those who want to use the pension system to reduce unemployment and those who want to sustain or increase their benefits for retirement. The latter can be divided into the recipients of low and of high incomes. Both have reasons to be unsatisfied with the pension system. Workers with bad jobs have to fear for the loss of retirement as an autonomous status and employees in good positions may compare the missing security of their claims of the GRV with the benefits they would receive on private markets. For all three groups, the enhancement of the second and third pillar could be a rewarding option, but in every case it would look very different. In part, this conflict is represented by the three unions IG Metall, IG BAU, and IG BCE, but it is important to bear in mind that especially those with bad working conditions and an unstable working life – the subjects of the so called new social risks – are less represented in the unions.

Kollektiver Protest gegen die Neugewichtung der Komponenten des Alterssicherungssystems, die eine Absenkung des Leistungsniveaus der Rentenversicherung einschließt, ist am wenigsten von denen zu erwarten, die heute schon mangels entsprechender finanzieller Mittel und/oder unsteter Erwerbskarriere keine (betriebliche) Ergänzungs- oder (private) Zusatzvorsorge aufbauen können. (Hinrichs 2000b, 314)
Shared beliefs and lines of conflict

The system shift that has taken place in with the pension reform 2001 was possible, because all actors supported the enhancement of the second and third pillar, but out of different interests. The political-administrative system wanted to reduce labour costs but without announcing a break with the pension system. A cut that is combined with the opportunity to engage in private or occupational pension plans and to get subsidies for that, may not appear so dramatic, but the enhancement of the second and third pillar is more than just an ideological notion. Within the political-administrative system there is no unity to break with the established pension system. The employers’ interests are quite similar to those of the political-administrative system because the reduction of labour costs is their main aim, too. However they want to melt down the pension system to a basic level. The pension reform of 2001 was seen as a first step in this direction. The employees are confronted with these proposals and find themselves in a defensive position. The influence of the unions is shrinking, so they try to include those aspects in the pension system where they still have importance. There aim is to enhance the second and third pillar, so that it really compensates the decline of the replacement rate that had taken place in the last decade.

The problem is that the pension reform 2001 has weakened one of the most important functions of the pensions system as an institution.

Institutionen zeichnen sich durch eine gewisse «Festigkeit» und «Dauer» aus, die eine gewisse «Wiederholbarkeit» der von ihnen geprägten Prozesse erlauben. […] Es sind insofern auf Dauer angelegte Problemlösungen. (Schubert 2003, 148-149)

The pension reform 2001 could not reduce the pressure for further reforms. As developed above, the bench-
mark of a successful reform for the political-administrative system was economic growth, but this “effect” did not happen. Assuming that the pension system is the precondition for more growth, the stagnation of the economy leads to the conclusion that wage costs, and therefore the contribution rate, are still too high. At the same time, the growing unemployment questions the existing contribution rate, because the GRV gets into financial trouble. Therefore, additional pension reforms become necessary.  

This confirms the employers’ point of view that the pension reform is only a first step. In a political situation where the unions are very weak and the government tries to improve the conditions for the economy by reducing non-wage labour costs, the employers are encouraged to postulate further demands.

This leads to an even worse situation for the unions, because now they have to defend the level of the pension reform 2001 against further cuts.

The problem is that the main objectives of the German pension system have been questioned but not replaced. The official reduction of the replacement rate was a break of a taboo that reveals its own dynamic. The former replacement rate of 70 per cent has been a kind of ideology, because it was only true for persons with 45 years of continuous labour on an average salary. It has been challenged by the change in the normal span of work, as well as by the different pension reforms over the years. However, since 1957 the 70 per cent has been a fixed rate. Since then, no new level of benefits has been defined and because the actors’ interests are controversial, such common agreement is not very likely. On the first look, this strengthens the notion of a change from “defined-benefit” to a “defined-contribution” system. However, this change is still ongoing because at present, the level of contributions is not defined either, so the status quo is very unstable. In the pension reform 2001 a consensus could be reached to leave behind
the logic of a defined-benefit system, because the enhancement of the second and the third pillar could function in an ideological way as a compensation for the diminution of benefits. This reform was based on the logic of a defined-contribution system, because the implemented idea was the circumvention of the automatic increase of contributions. So – as developed above – the objectives of the old system have been laid aside. But until now no consensus between and within the actors has been reached to define new objectives. Neither a fixed level of contributions, nor a lowered but specific level of benefits seems to have the support of the political actors. Therefore, the pension system has to be seen as “undefined”. From this perspective, the possibilities of a future development of the pension system can be outlined.

On the basis of the developed interests of the actors there are three possible scenarios for further pension reforms. Firstly, the described dynamic could continue. This would mean that the political-administrative system tried to lower the costs for the employers but without breaking with the established institutions. The unions therefore would probably try to defend the status quo, while the employers would try to enforce the reform process. The effect would be a kind of downward spiral. The problem in this scenario is that the conflicts within the political-administrative system and within the employees would grow stronger. The alternative would be to formulate new objectives for the pension system. These objectives could focus on contributions or benefits. Therefore, a second scenario would be a real “defined-contribution” system. In general, all collective actors might agree on a reform defining a fixed level for contributions, but then this level would be the subject of political confrontations. A third scenario would be to redefine a level of benefits for the pension scheme. Again, the definition of this objective would be the consequence of a political confrontation.
What conclusion can be drawn from this? For a broad understanding of the pension politics it is necessary to complement the analysis of the effects of reform programs with the analysis of causes and intentions. The latter is too often reduced to an economic point of view. Of course, the economic background - e. g. the relation of resources and expenditures of the GRV, the demographic change, and unemployment – cannot be ignored. But they do not explain why the actors of pension politics in a specific situation prefer a certain way. The possibilities of reforms are shaped by the actors’ interests providing the ground for either coalitions or conflicts. To analyse the whole range of these corridors of reforms, it would be necessary to enlarge the perspective in two ways: First, for the understanding of change, a broader time scale is helpful. Second, pension politics combine different single-issues. As shown above, the enhancement of the second and third pillar was a possible way to reduce (or at least stabilize) the replacement rate. It might have been possible to reach this aim through a different mean as well, e. g. the installation of a model of basis pension; an idea that is still virulent within the debates of all collective actors – but again on the basis of different interests.

A final conclusion is on a normative level: The actual debates on pension politics is strongly influenced by a “technocratic” point of view, arguing that the system of old age security cannot be financed anymore. Thus a very important question is ignored. The question is: What kind of pension system do we want to finance? As long as this question is not the subject of political debates and – if necessary – of political conflicts, the stability of the German pension system, a core institution of the German welfare state, cannot be guaranteed.
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Lamping/Rüb come to a similar result concerning the Gesetzliche Rentenversicherung. Their analyses of the political process reveals the change from a “conservative welfare state” to an “uncertain something” (Lamping/Rüb 2004).


For specification of the concept of de-commodification see (Esping-Andersen 1990, 35-37) and (Kohl 1993, 70-75).

“Obviously, no real contract is (or could be) concluded between different generations. Rather, the generational compact comes close to the idea of a «social contract» which regulates the relations of solidaristic exchange and lies beyond voluntary agreement, conscious reasoning and democratic choice […]. Therefore, the «generational compact» is no historical reality, it is fictive and, above all, a conceptual arrangement to overcome the temporal cleavage of contributing to and receiving benefits from the pension system” (Hinrichs 1993, 7).

See also (Manow/Seils 2000, 269), (Schludi 2001, 8), and (Hinrichs 2000a, 357).
Retirement as autonomous status and occupational and private pensions can be connected in the postulation of a compulsory supplementary provision, as will be shown later.

It is remarkable that the debate on the second and third pillar in Germany automatically presume occupational pensions to be capital funded while the most important existing pension plan, the supplementary provision in the public service, is pay-as-you-go financed.

"Vor der Rentenreform der Jahre 2000/2001 dienten BAV und ZÖD in der Regel dazu, die Leistungen der GRV aufzustocken."
(Leiber 2005, 314)

For the differences between Alte and Neue Länder within the German pension system see (Hegelich 2004, 87-93).

"Die wohl wichtigste Neuerung besteht im substanziellen Ausbau der zusätzlichen kapitalgedeckten Altersvorsorge, flankiert durch eine umfangreiche staatliche Förderung."
(BT-Drucksache 14/9503, 8)

The statement of the Commission Achieving Financial Stability for the Social Security System (Rürup-Commission) that there is “insufficient statistical information on the second and third pillar” (BMGS 2003, 36) is still true.

See (Döring 2002, 101-102) and (Hinrichs/Kangas 2003, 581).

“Die gesetzlichen Vorschriften sehen vor, dass eine Umwandlung von tariflichem Entgelt zum Zweck der Altersversorgung nur vorgenommen werden kann, wenn dies durch einen entsprechenden Tarifvertrag vorgesehen ist” (Bispinck 2002, 71).

This figure is based on OECD-Data from 1998.

See e. g. (Hinrichs/Kangas 2003, 580-581), (Bispinck 2002, 67-70), and (Döring 2003, 3-8).
18 For the empirical and theoretical criticism of the concept of corporatism see (Trampusch 2003, 8-20) and (Hegelich 2006, 12-42).


20 For the debate on the definition of “interests” see (Dahrendorf 1977, 206).


22 In the first six months of legislation Oskar Lafontaine was the head of the Ministry of Finance, but this period is too short and there are too many possible intervening variables to weigh up the significance for pension politics.

23 "Das gesetzliche Renteneintrittsalter liegt für Männer bei 65 Jahren, das tatsächliche Renteneintrittsalter aber unter 60. Das ist zu niedrig. Allerdings: Manche Menschen sind auch schon vorher kaputt,
man muss sich die Arbeitsbedingungen schon im Einzelnen ansehen. Jedes Jahr um das wir das tatsächliche Renteneintrittsalter näher an das gesetzliche bringen können, lässt den Rentenbeitragssatz um einen Prozentpunkt sinken“ (Eichel 2000).

24 Parry showed a similar influence on the Secretary of the Treasury under New Labour and concludes “that policy-making is set on economic grounds relatively autonomously of interest and opinion structure” (Parry 2000, 89).

25 This idea was partially supported by Gert Rürup who preferred an obligatory occupational pension plan (Betriebsrentenobligatorum). He thought it would be more realistic to engage the social partners than to make a private pension compulsory (Rürup 2000, 91).

26 I. a. (Börsch-Supan 2001, 14), (Manow/Seils 2000, 265), and (Schludi 2001, 8).


28 “Hinzu kommt die fatale Signalwirkung, die von einem angeblichen Rentenniveau von 67% auf die Bereitschaft zur ergänzenden Vorsorge ausgeht. Den Bürgern wird dadurch eine staatlich garantierte Sicherheit ihrer Alterssicherung vorgegaukelt, die nicht existiert und die über die Notwendigkeit zu zusätzlicher privater und betrieblicher Vorsorge hinwegtäuscht“ (Storm 2001, 50).

30 For the latter see section „the employees“.


32 The most explicit criticism was the fear employers could be burdened with the administrative costs (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 2000a, 29).


34 For the interrelation of pension funds and German capitalism see (Young/Hegelich 2003, 89-93).

35 See also (BDA (Bundesvereinigung Deutscher Arbeitnehmer) 2000b, 2).

36 “Die Finanzschwierigkeiten der öffentlichen Haushalte und der Sozialversicherungen sind in der Hauptsache durch die anhaltende Massenarbeitslosigkeit verursacht. Ohne nachhaltigen Beschäftigungszuwachs wird es keine Sanierung der Haushalte geben. Wir brauchen daher einen sofortigen Abbau der Überstunden, die Förderung sozial geschützter Teilzeitarbeitsverhältnisse und sozial
akzeptable Regelungen für eine Rente mit 60" (Schmithenner 1999, 207).

37 Since the pension reform 1992, the pension benefits are reduced by 0.3 per cent for every month of retirement before the 65th year (Börsch-Supan 2001, 20).

38 „Auch die Diskussion um die Rente mit 60, die von der IG Metall geprägt worden ist, hat auf unsere Tarifgespräche ausgestrahlt, da die Arbeitgeber vermuteten, dass auch unser Hauptziel eigentlich die Rente mit 60 sei, die über das Instrument der tariflichen Zusatz-Rente abgewickelt werden sollte“ (Laux 2001, 340).


41 „Ergänzend zur gesetzlichen Rentenversicherung sind Möglichkeiten weiterer Formen zur Alterssicherung zu erweitern. […] Für die Gestaltung der Zusatzversorgung müssen gesetzliche Mindestanforderungen festgelegt werden. Dazu gehören mindestens paritätische Finanzierung, Element des sozialen Ausgleichs und die Förderung unterer und mittlerer Einkommen, flexible Mitnahmemöglichkeiten bei Betriebswechsel, kurze
Unverfallbarkeitsfristen, gesetzlicher Insolvenzschutz“ (DGB (Deutscher Gewerkschaftsbund) 2000, 53).


43 “Die Gewerkschaften sehen es zudem als inakzeptabel an, dass die Arbeitgeber nicht an der Finanzierung der kapitalgedeckten Vorsorge beteiligt werden, obwohl diese das bisherige paritätisch finanzierte Umlageverfahren partiell substituieren soll“ (WSI (Wirtschafts- und Sozialwissenschaftliches Institut) 2000, 6).


45 “Der Verweis darauf, dass die umlagefinanzierte Rente in Zukunft durch private Altersvorsorge ergänzt werden muss, um ein ausreichendes Sicherungsniveau zu erreichen, ignoriert, dass viele nicht über die dafür notwendigen Mittel verfügen“ (Wiesehügel 2004, 34).

46 See (Bonoli 2005, 432).

47 “Die jüngste Reform ist eine Reform im System – nicht des Systems“ (BT-Drucksache 14/9503, 8).

48 Only two years after the pension reform 2001 the Schröder-Government adopted a new pension reform law (Rentenversicherungs-
Nachhaltigkeitsgesetz) and a law regulating the taxation of pensions and pension expenses (Alterseinkünftegesetz). Further significant changes are already announced for the period after the general elections.

The pension reform 1992 in particular modified the replacement rate with the change from gross to net salaries as basis.

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