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Trade unions and the occupational pension alternative: opportunity or threat?

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Table of contents

Introduction

Occupational welfare, i.e. welfare provided by virtue of employment status, achievement and record (Titmuss 1958), has been growing in importance in the European Union (EU) since the late 1990s. This is especially the case for occupational pensions, or the so-called second-pillar pensions: employment-based pensions organized at the level of sectors or firms. Occupational pensions, based on collective agreements, have been at the heart of the European pension reform debate. The EU has been playing a key role in this debate, arguing for almost two decades now that both the need for public budget discipline and the ageing of the population are undermining the sustainability of public (first-pillar) pensions and require a series of reforms, including the expansion of occupational pensions (e.g. European Commission 2003, 2012). The EU discourse is that such a multi-pillar system can strengthen the long-term sustainability of pensions. The EU has been one of the main figureheads of a political consensus — fed by proposals from international organizations and the international financial sector — to privatize important parts of the pension provision. In this debate the Dutch pension system, one of the few European pension systems with a large and long-standing occupational pension pillar (including huge pension funds managed by financial services companies that play a key part on the international financial markets) is often put forward as a successful example.

Since the 1990s-early 2000s, across the EU, governments have pushed for reforms aimed at the expansion of occupational pensions as a way to compensate for declining public pensions. This is particularly true for countries with Bismarckian welfare states, where employment-related benefits are already common and where collective bargaining often covers a large majority of workers. This paper shows the development of occupational pensions since the early 2000s in three of these countries: Austria, Belgium and Germany, where the national governments have all been trying to reform their pension systems from a one-pillar system into a multi-pillar system. In all three cases the governments pointed to the inevitable shrinking of public pensions, resulting from the ageing of the population as well as the need for more budgetary discipline, as the main reasons to develop or expand second-pillar pensions, and started to offer tax incentives to foster such development. It will be argued from these three cases that, while, in all three, occupational pensions expanded, only in Germany can we observe an effective path departure and the development of a real multi-pillar system. In the other two cases, occupational pensions remain relatively marginal. I will complement this comparison with the case of the Netherlands, which has a long history of extensive second-pillar pensions, but which, especially since the start of the crisis in 2008, demonstrates some of the possible weaknesses of occupational pensions, in particular related to the financial crisis.

Subsequently, the paper focuses on the way in which trade unions have played a role in the development of occupational pensions in these four countries. With social dialogue and collective bargaining playing an important role in this process in most of these countries, trade unions are key actors that can foster or oppose the government's attempts to expand occupational pensions, and that have to negotiate implementation with employers and their organisations. It will be argued that trade unions have indeed played an important role in determining the fate of occupational pensions in the four countries and that this role has depended on their preferences as well as their institutional and power resources.

Section 1 discusses the literature on trade unions and occupational pensions. Section 2 analyses the development of occupational pensions in the four countries. Section 3 discusses the role of trade unions in this development and section 4 concludes. The empirical material in this paper draws on four of the case studies that were produced in the context of the European Commission-funded PROWELFARE (2014-2016) project (see Natali *et al*. 2017).

1. Occupational pensions and trade unions

The question whether occupational pensions are adopted, how they are designed and implemented in a certain country depends on a range of factors, including historical and institutional developments of pension systems, the state of public finances and the ideological orientations of governments. Here we focus on the role of trade unions and in particular on two dimensions: (i) trade union preferences; and (ii) institutional and power resources to pursue these preferences.

1.1 Trade union preferences

From the perspective of trade unions, some authors argue, the introduction or expansion of occupational welfare can be seen as a way to respond to gaps in the welfare state related to newly emerging social risks or, as is of particular interest here, declining public welfare (Johnston *et al.* 2011; Yerkes and Tijdens 2010). Especially during the crisis, when public welfare came under budgetary pressure, several types of occupational welfare have helped to prevent the deterioration of social protection (Glassner and Keune 2012; Johnston *et al.* 2012). Occupational welfare, including most importantly occupational pensions, then compensates for declining public welfare through collective mechanisms instead of increasing individuals' dependency on the market. In this way, unions can exercise a certain amount of control over the pension system, secure decent pension incomes and possibly occupy new institutional positions that can strengthen their position within the welfare state and allow them to address new constituencies, an issue of particular importance in the context of declining union membership (Johnston *et al.* 2011; Trampusch 2007a, 2007b).

In this line of argument, expanding occupational pensions are seen as an opportunity for trade unions and their constituents. However, unions and workers may well see occupational pensions as a threat. One issue is that instead of developing occupational pensions, unions may rather be interested in avoiding the decline of public pensions and choose to oppose the government's intentions in this respect (Trampusch 2013). Indeed, trade unions are often pictured as defenders of the status quo and obstacles to reform (Ebbinghaus 2011). This may follow from an alternative interpretation of the shift from public towards occupational pensions, i.e. that of the privatization and individualization of social risks (Hacker 2004; Ebbinghaus 2015; Naczyk 2016). This perspective gives rise to more critical questions on occupational pension systems. From the perspective of solidarity, one question is whether occupational pensions, in comparison with public pensions, offer complete and equal protection (Hacker 2004). In occupational pensions, solidarity elements may be more limited and the role of individual employment and wage histories of individuals may be larger than in public systems, potentially strengthening inequalities between groups with higher and lower wages, under contracts with different pension rights (e.g. permanent, fixed term or temporary agency contracts) or playing to the disadvantage of persons who take career breaks due to maternity, care tasks, etc. (Pavolini and Seeleib-Kaiser 2016).

Also, the preferences of trade unions will depend on the way in which employer and employee contributions to occupational pensions will affect wages. If workers and unions expect occupational pension contributions to result in lower wages or lower wage growth, their support for occupational pensions will depend on the size of this effect, on the available total wage sum as well as on the preference for short term wages or long term pension payments. Hence, in periods of economic and wage growth unions are more likely to support investment in occupational pension systems than in periods of low economic and wage growth.

Moreover, occupational pensions are often based on investments of pension contributions in financial markets, leading to the financialization of occupational pensions (van der Zwan 2014; Engelen 2003). In this way, individuals' retirement income becomes more and more dependent on long-term financial market performance (Ebbinghaus 2015; Naczyk 2016). These pension funds' investments in financial markets bring opportunities to increase the available pension capital but also pressures for short-term gains, as well as risks that investments might go sour. Such risks may in theory be limited by the involvement of employee representatives and pension fund members in the development and administration of funds, as they may foster a more long-term and conservative investment strategy, including lower rates of return but also less volatility and higher predictability of benefits (Wiß 2015b). However, with the recent crisis, the risks of dependency on the volatile global financial system have become apparent for all types of occupational pension systems, with enormous capital losses (Ebbinghaus and Wiß 2011). These risks, and the distribution thereof between employers, workers, pensioners, the state and the financial institutions, may constitute another consideration leading unions not to support a shift from public to occupational pensions.

1.2 Institutional and power resources

From an institutional perspective, where unions are part of strong social dialogue processes they may have institutionalised means to influence pension reform policies and the weight and shape of occupational pension arrangements. Also, the type of collective bargaining system underpinning the occupational pension system can be expected to play a major role here in determining the coverage of occupational pensions and inequalities between sectors. In *multiemployer* bargaining systems that are extensive in their coverage and well-coordinated at the national level, coverage of occupational pensions can be extensive and disconnected from company-specific contingencies. In *single-employer* bargaining systems coverage is limited, workers are more exposed to company-specific contingencies and the incidence of persons falling outside the occupational pension arrangements (employees and self-employed) is greater (cf. Marginson et al. 2014; Keune 2015). Also, within countries with high bargaining coverage, as is the case for the four countries studied here, certain sectors or parts of sectors may not be covered, and substantial differences in the level of employer pension contributions may exist between the covered sectors (Wiß 2015a). The level of coverage will depend first of all on whether employers are members of employers' organisations and secondly on the degree to which governments use extensions to make sector agreements binding for entire sectors.

From a power perspective, in combination with their institutional positions, the level of union membership and their mobilisation capacity will influence the power balance between unions and employers and the state. On the one hand, the power of trade unions vis-a-vis the state will be important with regard to the extent to which they can influence state policy and, if they so want, prevent the reduction of public pensions. Also, if the unions are strong in comparison with the employers they may negotiate favourable occupational pensions, while when they are relatively weak they may not. Here a major issue is if they will have to give up wages for pensions and how high pension benefits will be. Similarly, certain employee groups with strong bargaining power may be able to negotiate better pension provisions than weaker groups (Wiß 2015a).

The functioning, coverage and effects of occupational pension systems is also determined by the respective institutional framework and the regulations which states develop for these systems. These may foster the autonomy of the social partners, allowing them to negotiate occupational pensions as they see fit, or restrict this autonomy, imposing the rules, parameters and confines of these schemes. In the latter case, the state may foster high coverage by limiting the possibilities for unions and employers to opt out of the system, or it may strengthen the voluntarist character of the system. It may also use the occupational pension system for public policy purposes rather than allowing unions and employers to exercise their autonomy. And the EU may also be a factor here: in the debates in the past decade on the extent and type of EU regulation of pension systems that is necessary or desirable, and in particular the Supplementary Pension Rights Directive, employers' representatives as well as trade unions from a number of EU countries have underlined the danger that such regulations could undermine social partner autonomy in occupational pensions (Guardiancich 2016).

Following from the above, we can expect that the preferences of unions concerning occupational pension systems in different countries will depend on their interpretation of the advantages and disadvantages of such a system in their respective institutional contexts. Their power position vis-a-vis the state and employers will determine to what extent they can influence the decline in public pensions as well as the shape of the occupational system in terms of level of benefits and solidarity.

2. Towards a greater role for occupational pensions?

Much has changed in the pension systems of the four countries under scrutiny — Austria, Belgium, Germany and the Netherlands — since the early 2000s. The main question here is to what extent occupational pensions have gained in importance and if they play a decisive role in pension provision. Of the four countries, the Netherlands is the only one where before 2000 the pension system already had a large earnings-related occupational component, which has co-existed for decades with the universal non-earnings-related public pension. In this respect, the Netherlands differs sharply from the other three countries, as it started as early as the 1950s to develop a dual pension system where both public pensions and occupational pensions are important. As a result, in 1997, according to data from the Central Bureau of Statistics (CBS), the occupational pension system already had 4,535,000 actively contributing employees (of a total of 6,307,000, or 72%). In 2015, this number had increased to 5,435,000 (of a total of 7,314,000 employees, or 74%). Between 1997 and 2015, the number of pensioners receiving occupational pensions increased from 1,885,000 to 3,178,000. In 2015, occupational pensions were responsible for 42 percent of all the pension payments made in the Netherlands. The replacement rate of public plus occupational pensions together was on average 72 percent in 2012; the replacement rate of occupational pensions was on average 30.2 percent (Keune and Payton forthcoming, table 2.5). Employers and employees pay contributions into the schemes, which are then invested on the financial markets. On average, employers pay a pension contribution of some 15.9% of the pension wage and employees 9.4%, together amounting to 25.3% (AWVN 2014). The state offers tax incentives on pension fund contributions (by employers and employees) which amounted in 2012 to some €14.5 billion. Hence, occupational pensions have been developing for many years now and have a high coverage and a high replacement rate, build on high contributions and tax incentives, and they make up a large share of total pension payments.

In the other three countries, the situation is quite different. First, the public pension has traditionally been earnings-related in all three, contrary to the flat-rate Dutch public pension. In Germany, pensions amounted to some 70 percent of the last wage. In Belgium, the public pension in principle amounts to 60 percent of average past earnings for single persons or dual-earner households, rising to 75 percent for single-earner households. This comes, however, with a sizeable degree of redistribution, as there is no upper earnings limit for contributions, while the maximum wages taken into account to calculate benefits are capped at a low level. Hence, for the higher earner groups (100,000 and more) replacement rates can be as low as 30 percent. In Austria, for those with a full-time and continuous employment career, replacement rates are among the highest in Europe, approaching 80 percent. Second, until the late 1990s-early 2000s, occupational pensions existed in all three countries, but they played a very marginal role both in terms of coverage and of replacement rates. In Belgium, some 25 percent of employees in the private sector (and nobody in the public sector) were covered by occupational pensions, and in Germany about one-third of workers were covered. In Austria, in the 1980s only 10 percent of workers were covered by company-based pension plans. In the 1990s, pension funds were established, covering some 250,000 employees by 2000. These occupational pensions were generally organized at the company level, functioned largely as a human resource management (HRM) tool and were often largely limited to white-collar workers.

Since the late 1990s and early 2000s, in all three countries, the coverage of occupational pensions has increased after the respective governments started to promote occupational pensions as a way to compensate for the decline foreseen in public pensions. In Belgium, today some 75 percent of private sector employees are covered, although the public sector is by law largely excluded from occupational pensions (but they do have better public pensions). In Germany, occupational pensions have become mandatory in the public sector and cover also 50 percent of the private sector. In Austria, coverage is lowest with only some 34 percent of employees; by 2015 some 800,000 persons had built up some entitlements in occupational pension funds. In terms of coverage, we can hence speak of a substantial increase in all cases and of high coverage in particular in Germany and in the Belgian private sector.

This picture changes, however, when we look at the contribution of occupational pensions to total pensions or at replacement rates. By 2010, in Austria, 89% of the volume of pensions paid came from public schemes, with only 4% related to occupational pensions (with the rest concerning third-pillar pensions). In 2010, Austrian enterprises spent 1.1% of the wage sum for the financing of occupational pensions, and the value of occupational pension entitlements was very low. Wöss *et al.* (2016: 12) put it as follows: "However, it should not be overlooked that among 34% covered there is a huge number of people entitled to very low benefits because only minuscule contribution is paid, e.g. 0.75% of earnings for public employees or €300 per year for many people covered by a group insurance scheme. Url (2013), referring to such low contribution, points to the fact that a huge number of employees currently covered by an occupational pension scheme will never get a pension: 'Probably, [at the age of retirement] in many cases accumulated capital will even be below the pension funds' ceiling for lump sum payments', which is €12,000 in 2016". Hence, the value and contribution of Austrian occupational pensions are very limited.

Similarly, in Belgium, for most people, occupational pensions do not constitute a valuable component of their total pension (Ghailani and Peña-Casas 2016). For those with wages up to €50,000 per year, i.e. the vast majority of wage earners, the replacement rates are between 5 and 11 percent, with replacement rates being lowest for the lowest wage categories. For the highest wage category, with yearly earnings of €100,000 and more, the replacement rate may rise to 38 percent, however, this concerns a very small group. "This is explained by the low contribution rate for sectoral pension plans and the lower rates for company pension plans (ibid.: 31)." In the majority of sector pension plans, contributions are made only by the employer and contribution rates are normally around 1.00 to 1.75 percent; in company plans employees are often required to contribute a small percentage of their wages, but these are then often waived (ibid.). So, the value and contribution of Belgian occupational pensions are also very limited.

In Germany, the occupational pension system is more complex and less transparent than in the other countries, including sector, company and individual pension plans. It is therefore not easy to calculate replacement rates or even contributions. However, in 2012, the average payment by companies for an employee belonging to an occupational pension scheme amounted to €3,385 (Blank 2016), equal to some 7.6 percent of gross yearly wages. This concerned 54.2 percent of all employees (ibid.) Individual employee contributions to occupational pensions averaged 1,082 Euro for those using earnings conversion (ibid.) or some 2.4 percent of average gross yearly wages. This leads to contributions far below the Dutch contributions but substantially higher than in the Austrian and Belgian cases.

From the above we can conclude that occupational pensions have played a major role in the Netherlands for decades, that they have grown to play a substantial role in Germany, and that they have remained marginal in Belgium and Austria, especially because of their low levels. In three countries, we therefore observe continuity: the Netherlands has continued on the path of a multi-pillar system and Austria and Belgium have largely continued the single-pillar path. In the German case, we can cautiously start to speak of path departure, from a single pillar to a multi-pillar system.

3. The role of trade unions

The divergence between the cases can to some extent be explained by the differences in the role trade unions have played since the 1990s-early 2000s with respect to occupational pensions: supporting or opposing them. High levels of membership give unions power to influence public policy concerning pensions and to negotiate better occupational plans with employers. And a high coverage of collective agreements provides unions with an institutional infrastructure for such negotiations. Union strategies and actions are of course only one of the factors determining the fate of occupational pensions. However, trade unions are key players in all four countries under study here, as expressed by membership and/or the coverage of the collective agreements they negotiate (Table 1).

Most noticeable is that all four countries have a relatively high coverage of collective agreements in international terms, in all four cases mainly achieved through sectoral collective agreements. Coverage is by far the lowest, however, in Germany, where trade union density is also lowest. In Belgium, union density is substantially higher than in the other three countries. The Netherlands combines low density with high coverage, whereas in Austria coverage is the highest of all while union density is at an intermediate level.

Table 1: Trade union density and collective bargaining coverage, 2014 or most recent year

	Trade union density (%)	***Coverage collective bargaining (%)***
Austria	27.4	98.0
Belgium	55.1	96.0
Germany	17.1	57.6
The Netherlands	18.0	84.8

Source: ICTWSS database, version 5, November 2015.

In the Netherlands, with its long history and high level of occupational pensions, trade unions have strong vested interests in the occupational pension system. The great majority of Dutch workers have been building up very substantial entitlements in this system, which are indispensable to retire with a decent pension, especially given the relatively limited public pensions. The system also provides the unions with important institutional positions since they, together with the employers, manage the pension funds. The Dutch unions are therefore oriented towards maintaining the system as a common cause for all workers. They do so in a cross-class coalition with the employers, who also do not question the system as such.

This does not mean that there are no disagreements or conflicts concerning the pension system in the Netherlands. The unions (as well as the employers) have traditionally been at the centre of policy development concerning the occupational pension system, often through social pacts. However, in recent years they have lost much of their leading role here and the state has been increasing its control over the occupational pension system (Keune and Payton forthcoming). First, when in 2010, in line with Dutch neo-corporatist traditions, the social partners and the government agreed on a social pact on pension reform, this pact was rejected by the largest member unions of the FNV (*Federatie Nederlandse Vakbeweging*), the main union confederation. The member unions objected both to the non-transparent decision-making process and to the type of reforms agreed upon, which they saw as a deterioration of the pension system at large. This resulted eventually in the breakup and subsequent re-establishment of a reformed FNV. The political initiative then moved to the government, which decided to gradually raise the pension age to 67 and subsequently make it dependent on life expectancy, and to reduce tax incentives and accrual rates, making it necessary to work more years for the same pension (*ibid*).

Second, in the 1990s, when the stock markets seemed to grow without limits, the pension funds started to increase their investments in shares, dazzled by the achievable growth rates. However, the dot.com crisis of the early 2000s started to undermine some of this confidence, and the 2008/2009 financial crisis dealt it another blow. The low interest rates now prevailing in the Euro area have further affected the future value of the funds. As a result, many funds have seen the coverage rates of their (future) obligations decline. Each fund has a required coverage rate for its obligations, the level of which depends on the level of risk of its investments. The higher the risks in a fund's portfolio, the higher the required coverage rate. The central bank of the Netherlands (*De Nederlandsche Bank*, DNB) and the Financial Markets Authority (AFM) monitor the functioning of the funds and in particular the extent to which the funds' actual coverage rate is in line with the required coverage rate. Funds which do not manage to reach the required rate are forced to take action to reduce the gap. Following the financial crisis and the consistently low interest rates in the Euro area, a number of funds are experiencing serious problems in this respect, resulting in cuts in present and future pension payments and pressure on pension contributions as well. To the unions and the workers, these developments underline the vulnerability of the pension funds, the risks related to their portfolio management and the uncertainties related to the stability and sustainability of occupational pensions. They have not in any serious way started to question the system as such but they are seeking for ways to reduce uncertainty and risks.

In the other three countries, the questions unions are faced with are quite different. In all three countries, the unions were confronted in the 1990s and early 2000s with government reform policy aimed at reducing, in the long run, expenditure on public pensions as a way to deal with the pressure on public budgets. In all three this was complemented by measures to foster occupational pensions as a substitute, among others by providing tax breaks on contributions to occupational pension plans (Blank 2016; Ghailani and Peña Casas 2016; Wöss 2016 *et al.*). A first question for the unions then was how to interpret and react to these reforms. In all three countries, the major trade unions opposed the reform of public pensions, especially when this involved declining value. Maintaining public pensions has since been high on union agendas.

Second, initially they were all also sceptical about the expansion of occupational pensions, not so much about the occupational schemes as such, but as to the promotion of these schemes as a substitute of the declining public pensions. They cited a series of possible problems with occupational pensions. These included the potential uneven coverage of occupational pensions and the uncertainty of occupational pensions linked to the fate of financial markets. Also, they pointed to the difficulties in expanding occupational pensions in a period of low wage growth and pressure on wages. Contrary to the period of strong economic growth when the Dutch occupational pensions were established, in recent decades, and in particular since the start of the crisis, it is difficult to see, in most countries, how extensive funds can be freed up in companies and sectors to pay into occupational pension plans without negatively affecting wages. Governments in the three countries offered various types of tax exemptions and exemptions from social security contributions on occupational pension contributions: this created some space for this but still to a limited extent. Also, initially, in Belgium and Austria the governments introduced minimum rates of returns on occupational pension plans to ease concerns related to uncertain financial markets.

Hence, when in Austria, in 1990, the government introduced legislation to allow for private occupational pension funds, the Austrian unions did not reject these funds as such, but they fiercely opposed the idea of replacing part of the public pay-as-you-go pensions by private pensions. To an important extent, they achieved this goal by political pressure and dialogue, building on medium-high union membership, a strong collective bargaining position covering virtually the entire economy, as well as a tradition of social dialogue and involvement of trade unions in the policy-making process (Wöss *et al.* 2016). Indeed, the Austrian public pension continues to have one of the highest replacement rates in the EU (Pavolini and Seeleib-Kaiser 2016). This means that occupational pensions, though an important issue, are not key to having a decent pension. Still, the unions have participated in the expansion of occupational pensions, which has taken place especially in the public sector, as a compensation for bringing the more generous civil servants' public pension schemes into line with the rest of the public system (Wöss forthcoming). In general, however, as demonstrated above, the coverage has remained limited and the value of contributions low. Apart from the high levels of public pensions, this is also because the Austrian unions see little benefit in converting wages into pension contributions, especially in light of the strict rules determining when such contributions are free from income tax. In addition, they underline the risks related to the investments of pension funds, that became apparent first during the dotcom crisis and more recently in 2008-2009 (Wöss *et al.* 2016). Here it did not help that successive governments eased the risk-reducing regulations in pension fund governance over time, making pension payments increasingly insecure. All this then has resulted in limited trade union interest in occupational pensions and limited development of the occupational pension system.

In Belgium, occupational pensions remained marginal for many years, limited largely to company plans. However, in 1999 and 2000, after successive governments had started to slowly reduce the value of public pensions in the 1980s and 1990s, voluntary supplementary pensions were set up in a number of important sectors by collective agreement, most importantly in the metal sector covering some 100,000 workers (Ghailani and Peña-Casas 2016). These were seen by the unions as a means to redress some of the losses in public pensions and as a way to strengthen collective bargaining and enlarge the total wage sum, since wage moderation had been imposed by government intervention in the 1990s.

In 2003, as part of a larger pension reform, the government introduced new legislation to regulate these emerging agreements and to promote the growth of the second pillar through, above all, tax incentives. The reasons behind the legislation were related to the ageing of the population and the expected difficulties for the state budget to maintain decent public pensions. Indeed, the state plays a very central and pro-active role. However, the financial industry and the employers also pushed strongly for the expansion of occupational pensions, sensing possibilities for profit or for a reduction of labour costs (Ghailani and Peña-Casas 2016). The public sector is by law largely excluded from occupational pensions (as they have higher public pensions), which are an issue only in the private sector. Coverage is high here but the contributions and replacement rates low. Most occupational schemes are defined contribution schemes with contributions being made mainly by the employer, who receives incentives in terms of tax reductions and lower social security contributions. These incentives are quite substantial, raising the question among trade unions if they could not be better spent on strengthening the first pillar pension.

Public pensions clearly have the preference of trade unions. They prefer the maintenance of good public pensions over an expansion of the occupational pillar, since they fear this will weaken the public pillar. They also occupy important institutional positions in the governance of the first pillar pensions. With their high membership, they have been a powerful force in social dialogue concerning pension reform and very active in trying to limit or steer public pension reform. Hence, occupational pensions are not a priority and have remained marginal (Ghailani and Peña-Casas 2016). The unions also favour the maintenance of wage levels, especially in the context of the crisis, and reject the conversion of wages into occupational pensions or a role for occupational pensions as a substitute for public pensions. With wage growth having been meagre for quite some years now, they argue that workers benefit more from wages today than from occupational pensions in the future, in particular in low wage and precarious sectors. Employers' representatives and financial institutions, and also the state, on the other hand, strongly promote increasing investment in the second pillar. However, since the Belgian unions are among the strongest unions in the EU, only outperformed by the Scandinavian unions in terms of density, they have the strength to limit this expansion and prevent the conversion of wages into pensions. At the same time, the Belgian unions try to ensure an even spread of occupational pensions over the economy, in which they are quite successful, considering the 75% coverage of the private sector. However, in some sectors where they are weak, such as supermarkets, they have failed to establish such sectoral schemes. The unions also, successfully, tried to shape the second pillar pension by influencing the rules and regulations governing the second pillar since 2000. They moreover underline the risks related to occupational pensions, especially since the initial guaranteed returns on contributions have been reduced by the government. They have recently managed, through social dialogue, to stop the decline of the guaranteed return and have agreed upon a guaranteed minimum return level of 1.75 percent.

In Germany, in 2001, the then red-green government started to strongly promote occupational pensions as a substitute for declining public pensions, making maintaining adequate pensions partially a private responsibility instead of solely a public responsibility (Ebbinghaus *et al.* 2011). It started a reform which should reduce the replacement rate of the public pension for an average worker from 70 percent to about 55 percent in 2030 (Pavolini and Seeleib-Kaiser 2016). The government argued that a substantial decrease in public pensions is inevitable because of the ageing of the population and the pressure on public budgets. Hence occupational pensions became an object of social policy, whereas previously they were more an HRM instrument (Blank 2016). The government offers tax breaks on the conversion of earnings into pension contributions to promote the growth of occupational pensions, and collective agreements are the main way to establish these new occupational pensions. The intention would be, by 2030, for occupational pensions to complement public pensions to reach 70 percent replacement rates, so their replacement rate should by then be 15 percent.

Initially, virtually all German unions opposed any comprehensive reforms of the public pension. Contrary to their Austrian and Belgian counterparts, however, following a steady decline in union membership and in the coverage of collective agreements, and in the absence of strong social dialogue, they lacked the power and institutional channels to substantially affect the reforms. Soon, the more powerful unions, first the chemical sector union IG BCE and the metal union IG Metall, started to negotiate collective agreements to regulate occupational pensions in their sector. They aimed to achieve encompassing, sector-wide schemes with more favourable conditions than those provided by banks and insurance companies, and to make workers less dependent on their individual employers as to the type and level of second-pillar pensions, in particular in small and medium-sized enterprises (Naczyk and Seeleib-Kaiser 2015). In this way, the German unions, reluctantly but still, embraced the occupational pension as a fundamental part of the pension system. Also, whereas in the other countries the crisis put a lot of pressure on wages and therefore the capacity to pay into the occupational pension schemes, the crisis lasted much less time in Germany and the country returned to substantial economic growth soon after 2009. This created more space for occupational pension contributions, in particular in the successful export-oriented chemical and metal sectors. As a result, both the coverage and the value of occupational pensions in Germany increased rapidly, although mainly in the sectors covered by collective bargaining.

4. Conclusions

In the four countries discussed here, trade unions have quite different positions towards occupational pensions, as a result of the different circumstances in which the issue of occupational pensions became salient, their differences in power and institutional positions and their preferences. The different positions of the unions are also reflected in the development of these pension schemes.

In the Netherlands, the unions have for many decades been locked into a multi-pillar system where second pillar pensions play a major role in terms of coverage and value: they make up a large part of pensions for a large part of the population and reflect their employment history. The Dutch unions also play a key role in the governance of the respective pension funds, even though in recent years the state has been intervening more and more here by adjusting the rules. Hence the Dutch unions do not question the importance of the second pillar; they are mainly concerned with maintaining the value of occupational pensions in the context of the turbulent financial market of the past decade.

In the other three countries, occupational pensions became an issue much later than in the Netherlands and in very different historical circumstances, including more pressure on wages and a much bigger and more crisis-prone financial sector.

In Austria, the strong unions have extensively and relatively successfully campaigned against the substantial decline of public pensions. Their priority is the public pension, which they see as fairer and more secure, and they are much less concerned with the occupational pension that has been promoted by the government. They find the occupational pension more uncertain given the turbulent financial markets and do not want to convert wages into pension contributions. Since the public system still provides a good pension they give limited priority to the second pillar, which is reflected in the limited coverage and value of occupational pensions in Austria.

In Belgium, the even stronger unions have used their power to play a key role in determining how occupational pensions in Belgium are regulated and organized, to the benefit of Belgian workers. They have also, on the one hand, achieved a high coverage of occupational pensions in the private sector, while on the other hand they have limited the conversion of wages into pension contributions, giving clear priority to the former. This has led to low pension contributions and hence a limited substitution function, which may become problematic in the future when the replacement rate of public pensions may indeed suffer a substantial decline.

In Germany, unions first unsuccessfully opposed the reform of public pensions, due to, among other things, their limited membership and more limited institutional positions in social dialogue and collective bargaining. Subsequently they embraced the occupational pillar as a new fundamental part of their pension system and, aided by the relatively strong economic position of Germany, they have played a key role in ensuring much higher contributions to this pillar than in Austria and Belgium. In this way, they cooperated in a process of path departure towards a real multi-pillar system, and they have come to consider occupational pensions as an opportunity to compensate for declining public pensions. In Austria and Belgium, no clear path departure can as yet be observed and the unions prioritise good public pensions and accept occupational pensions mainly as a complement to, instead of a substitute for, public pensions. They also have the power to limit the reform of public pensions, in particular in Austria, and to impose their preferences for wages over pensions, in particular in Belgium. Hence, we see that the role and influence of unions on the development of occupational pension systems depend on the one hand on the extent to which they see them as an opportunity or a threat and on the other hand on the extent to which they have the resources to oppose or shape these systems. Finally, the historical and economic circumstances are crucial in shaping union preferences towards occupational pensions.

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