

Common crisis, different responses? Policy recommendations of expert commissions in Norway, Denmark, Germany and the UK

Paper prepared for the 8th Annual ESPAnet Conference, 'Social Policy and the Global Crisis: Consequences and Responses', September 2-4 2010, Budapest, Stream 9.3.

Work in progress – please do not cite

Tord Skogedal Lindén
Senior Researcher
UNI Rokkan Centre
Nygårdsgt. 5, 5015 Bergen
Tel + 47 55 58 38 74
tord.linden@uni.no

Abstract

This paper will address the more general and continuous alleged crisis of welfare state sustainability and policy responses of Norway, Denmark, Germany and the UK. It does so by looking at how central expert commissions in these countries have reviewed existing welfare arrangements, as well as how policy makers have reacted to such critique and policy recommendations. How do these four commissions consider the future of the Norwegian, Danish, German and British welfare state? Is there a common understanding across countries and commissions? What kind of advice is issued; are there signs of convergence or divergence in these countries? What kind of influence do the commissions have? A central topic in debates on social policy is how to increase labour market participation, and the paper will concentrate on this challenge in relation to ageing and pension policy. Being given an explicit mandate to propose changes to current welfare policies the commissions constitute a potentially very influential actor in reform processes. The focus on this important actor could thus improve our understanding of governments' policy choices to meet challenges of welfare state sustainability. Also, studying the use of commissions in such different contexts (political economy, type of welfare state) could shed light on how governments pursue unpopular welfare reforms, a topic of growing interest within social policy research. Methodologically, the cross-country qualitative comparison of commission reports is to be supplemented by interviews with national experts and policy makers.

Common crisis, different responses? Policy recommendations of expert commissions in Norway, Denmark, Germany and the UK

Introduction

What is the role of expert commissions in processes of welfare reforms? Which problems and challenges concerning ageing are identified by the commissions, and what do they recommend? Have the recommendations resulted in reforms? An important strand in the literature on welfare reforms is occupied with the topic of when reform is possible. Pierson (1994) has identified different blame avoidance strategies, e.g. to present policy in a way that its negative consequences are less visible (obfuscation). Work by Schludi (2005, 2008) and Natali and Rhodes (2008) have studied how governments can reach agreements with the political opposition parties and social partners to avoid veto players to block change while Øverbye (2008) emphasizes how governments through the right framing can make reforms appear as needed and sensible. This paper will contribute to this research literature by focussing on what can be seen as a blame avoidance strategy; to set up governmental expert commissions to propose changes in Norway, Denmark, Germany and the UK.

Research on expert commissions and welfare reform has mainly applied a national perspective, providing comparisons within rather than across countries (cf. for instance Hort 2005 for Sweden, Schulz and van Twist 2009 for the Netherlands, Pedersen 2009 for Norway, Siefken 2006a-b, 2007, Schulze and Jochem 2007, Fleckenstein 2008, and Kropp 2003, 2004, for Germany, Klitgaard and Nørgaard 2009, Klitgaard and Christiansen 2009, Christensen, Mouritzen and Nørgaard 2009a for Denmark, Hills 2006a-b for the UK). Pedersen (2004, [partly] 2009), Marier (2008) and Ervik (2009a) provide exceptions, discussing Norwegian and Swedish pension commissions, while Kangas, Lundberg and Ploug (2006, 2010) discuss three Nordic countries. However, none of these compare commissions representing different welfare regimes and political systems. In this paper I apply an international, comparative perspective when discussing the use of welfare commissions. The empirical analysis of four commissions is expected to improve our understanding of how demographic challenges are framed, and how labour market, pension and ageing policy is developed and legitimized in different settings. Moreover, this research will shed light on when and how politicians carry out unpopular welfare reforms.

A central topic in debates on social policy is how to increase labour market participation, and the paper will concentrate on this challenge in relation to ageing and pension policy. It starts from the assumption that governmentally appointed expert

commissions are a reasonable source for investigating how challenges to the welfare state are understood. Being given an explicit mandate to propose changes to current welfare policies the commissions constitute a potentially very influential actor in reform processes. I argue that their recommendations have gained most direct influence in Norway, but that expert commissions have played an important role in Denmark, Germany and the UK as well and eased the process of convincing people of the need for reform. The argument proceeds in three stages. In the first stage, I outline the sample of expert commissions. In the second, I discuss what kind of recommendations the four commissions have issued, and identify governmental responses to these recommendations. In the third stage, I ask whether the recommendations led to change. As this is a first draft I am only able to present some preliminary findings based on data that has been gathered so far. As interview data are only available for my Norwegian case this last stage is restricted to one country. Interviews with Norwegian informants were carried out in the summer of 2010.

The ageing challenge is clearly aggravated by the global financial crisis, as argued in a recent EU green paper; “By demonstrating the interdependence of the various schemes and revealing weaknesses in some scheme designs it [the financial and economic crisis] has acted as a wake-up call for all pensions, whether PAYG or funded: higher unemployment, lower growth, higher national debt levels and financial market volatility have made it harder for all systems to deliver on pension promises” (EU 2010: 6). The financial crisis will most likely increase discussions on what kind of welfare models European countries should have and can afford, but this debate has been going on for long, among other things through the work of welfare commissions.

1. Presentation of expert commissions

The commissions studied in this paper all deal explicitly with the ageing society, sustainability issues and pensions. The choice of commissions is informed by three selection criteria identified by Bulmer (1980: 2). The commissions’

- work was important for national social policy
- reports received extensive public attention
- deliberations have potentially major implications for subsequent action

The Norwegian pensions committee was set up in March 2001 and delivered its main report in January 2004 (NOU 2004). As the name reveals, the commission dealt only with pensions.

It was asked to clarify which main aims and principles the pension system should rely on. The importance of building on a long-term view, stability and clarity is emphasized in the terms of reference. The future pension system should cope with the challenges of increased population ageing and tendencies of early retirement.

The UK Pensions Commission was appointed in December 2002 to investigate whether the current pension system was adequate for future pensioners. The commission was asked “to review the evolution of the UK’s system of pension provision and to advise on whether the existing system of voluntary private pensions would deliver adequate results” (Pensions Commission 2005: ix). The commission presented its final report in April 2006, and was headed by Lord Turner, hence called the Turner report.

The Danish welfare commission, however, had a broader perspective and looked at education, unemployment, tax policy, immigration policy and pensions in its work during September 2003 - December 2005. It was given the mandate to discuss challenges for the Danish welfare state and propose reforms which could meet these challenges, thus contributing to public debate on the viability of Danish welfare arrangements.

The Commission for financial sustainability of social security systems, the German “Rürup Commission”, discussed pensions, health and long term care. It was set up in November 2002 and finished its work in August 2003. The Rürup Commission was asked to develop recommendations which would contribute to the financial stabilisation of the social security systems.

The different policy fields addressed by the commissions may result from different national priorities or problem pressure, but also that other commissions appointed approximately simultaneously deal with related issues in one country but not in another. For instance, the Danish Commission hardly discussed family policy issues that could be relevant in an ageing and life cycle perspective. This may be because a commission on family and work life discussed such issues in detail during 2005 – 2007.¹

Some researchers claim that it is problematic to address ageing fragmentally, i.e. to focus on “fiscal, economic or employment aspects of ageing” alone (ActivAge Consortium 2008: 618). A more fruitful approach, they argue, is the life-cycle approach in which “analysis and policy-making should examine the complex associations between factors such as family life, employment, education, socio-cultural participation, material security, and health” (2008: 618). Compared to this view, and judged by the social policy fields included, the Norwegian

¹ For more information on composition and working mode, see Lindén (2010).

and UK commissions, and to a lesser degree the German, have applied a too narrow approach to demographic trends. Still, the focus on sustainability seems very much similar across the four countries. This indicates that the understanding of challenges is similar in the four countries and could indicate that solutions expressed through the commissions' recommendations should be similar.

Table 1 gives a first answer to how policy makers responded to the commissions' reports, by listing important agreements, bills and white papers that were developed after the commissions' recommendations were presented.

Table 1: Expert commissions and policy developments (incomplete)

Commission and date of appointment	Final report with date of main publication	Developments since the publication of the report
Norway: Pensjonskomisjonen (March 2001)	Modernisert folketrygd – Bærekraftig pensjon for framtida (January 2004)	December 2004: Report to the Storting on Pension Reform May 2005: Pension settlement (main principles of the reform) January 2006: Act on Mandatory Occupational Pension Scheme October 2006: White Paper on Earning and Drawing Old-Age Pension from the National Insurance Scheme April 2007: agreement on the new models for earning and drawing pensions adopted by the Storting January 2008: proposal for a new scheme on old-age pension based on the two parliamentary settlements February 2009: Bill June 2009: Final reform
Denmark: Velfærdskommissionen (September 2003)	Fremtidens velfærd – vores valg (December 2005)	June 2006: Agreement on future wealth and welfare and investments in the future
Germany: Kommission für die Nachhaltigkeit in der Finanzierung der Sozialen Sicherungssysteme (November 2002)	Nachhaltigkeit in der Finanzierung der Sozialen Sicherungssysteme (August 2003) (English summary available)	2004: Law concerning sustainability of the pension insurance fund 2006: Law on the Adjustment of the Retirement Age
UK: The Pensions Commission (December 2002)	Implementing an integrated Package of pension reform: The Final Report of the Pensions Commission (April 2006)	May 2006: White Paper 'Security in retirement: towards a new pensions system' July 2007: The Pensions Act December 2006: White Paper 'Personal Accounts: A new way to save' November 2008: Pensions Act

Sources for developments: MISSOC Info 1/2007, 1/2006

2. Recommendations issued by the commissions and governmental responses

According to Paul Pierson (2001), different countries face different challenges to their welfare arrangements which results in different reform trajectories;

“... this investigation of trends strongly implies that the growing turbulence around the welfare state retains a distinctly national character. This is clearest with respect to population ageing, where the current and projected pressure on social provision varies quite dramatically across countries (OECD 1995a). This variation depends, critically, on the generosity of pension benefits, fertility rates, and labour force participation rates, especially among women (Esping-Andersen 1996c). Countries vary considerably in the extent to which they have approached a full menu of comprehensive social provision at benefit levels which generate high replacement rates. The Christian democratic welfare state regimes, along with Japan, combine a number of features that will make the pressure associated with population ageing particularly intense. Other countries, such as Ireland and Great Britain, face almost no fiscal strains associated with population ageing” (2001: 99-100).

In other words, Pierson suggests that although countries are exposed to more or less the same social trends (cf. Table 2 on Old Age Dependency Ratios), their impact is less severe in some than in other countries, meaning that reform pressure varies cross-nationally, resulting in different reform strategies. Issues such as pension reform will be important in all welfare states, but there will be no convergence towards one welfare model (2001: 82, 103). Moreover, Pierson identifies different reform trajectories that different welfare regimes will take. The liberal welfare regime will focus upon re-commodification (increasing people's dependence on the market), the social democratic regime on cost containment (reduce spending) and the conservative regime on recalibration (making welfare arrangements more in line with contemporary goals).

How does this description fit the work of the four commissions? Is there a common understanding across countries and commissions? What kind of advice do the commissions issue? Are there signs of convergence or divergence in the labour market responses and policy-making across European countries? What policy reforms have taken place?

Table 2: Old Age Dependency Ratio (OADR)

Country/year	2010	2030	2050
Denmark	26	37	40
Germany	31	48	59
Norway	23	33	40
UK	25	34	38

Source: United Nations Population Division, World Population Prospects: The 2008 Revision. Definition: "The old-age dependency ratio is the ratio of the population aged 65 years or over to the population aged 15-64".

The German Rürup-Commission presented its report after less than a years work. Within ageing and pension policy the report had only three recommendations: Increase the retirement age from 65 to 67 through small steps from 2011 – 2035, increase the age limit for receiving early retirement benefits with two years as well, and introduce an automatic regulator that ensures that the level of pension benefit is automatically reduced if the relationship between contributions and recipients deteriorates. The automatic regulator, referred to as Nachhaltigkeitsfaktor (sustainability factor), as well as the tightening of eligibility criteria for the early retirement scheme, was part of a bill on the sustainability of the pension insurance fund in June 2004, less than a year after the commission´s report. The fact that the other main recommendation, the increased retirement age, as well as some recommendations within health and long-term insurance was not legislated, probably explains why several researchers describe the commission as unsuccessful (Krick 2006: 6, Lamping 2006: 246). However, within the area of ageing and pension policy the picture is less clear, and as the increased retirement age was legislated two years later, one must conclude that recommendations have been followed to a high degree.

The Norwegian Pensions Commission delivered its report in January 2004, after three years work. The process has since been quite incremental, including two white papers (2004, 2006), two broad parliamentary settlements (2005, 2007), a hearing on the proposed reform based on these two settlements (2008) and the final reform (2009). Despite this incremental process, or maybe due to this, all main commission recommendations have been implemented, but they were introduced in several steps (the bills of 2005, 2007 and 2009). The changes will take effect from 2010 and/or 2011. Interestingly, the almost ten year period from the set up of the commission to the final reform saw two changes of governments (from labour to centre-right in 2001, and from centre-right to red-green in 2005).

The commission recommendations were given with minority reports, but representatives of all political parties except the Progress party supported the main

recommendations. Above all, the commission called for a strengthened relation between contributions and pension benefits. This included a flexible retirement age between 62 and 70 years in which the pension benefit depends on when you decide to retire, benefits are to be calculated on all working years instead of only the 20 best, and the indexation of pensions will be after mean of the price and wage increases instead of only wage increases. An automatic stabilisator called *Levealderjustering* is introduced, ensuring an automatic reduction in pensions if the dependency ratio deteriorates, i.e. reflecting the expected number of years people receive pension benefits. Pensioners are furthermore given the possibility to work without reductions in the pension payments and credits for caring responsibilities are increased, the last element being the only expansion element of the reform.

As all main recommendations have been included in the reform it is safe to conclude that the commission's proposals have been followed to a high degree. However, as the commission was neither asked to nor took a clear stand on the early retirement scheme (AFP, *avtalefestet pensjon*), one of the most difficult issues was taken out of the debate. The commission reflects on the costs associated with this scheme, and how it has come to include more people than was intended. There are some vague suggestions about how the state should focus on old age pensions and engage in discussions with workers' and employers' organizations (NOU 2004: 101), and that the early retirement scheme should be modified so that it does not contradict the recommendation about strengthening the relation between contributions and benefits (NOU 2004: 113, 129). The early retirement scheme also at least partly contradicts the proposed flexible employment age. Moreover, the pension settlement of May 2005 did reduce some cuts for lower income groups that would have been the result of the commission's proposals (Pedersen 2009: 155).

When the Danish Welfare Commission launched its report in December 2005, the government was not very positive, and the prime minister assured that it would not be implemented in the proposed manner (Petersen 2009: 134). In June 2006, the government, consisting of the Liberals and the Conservative People's party (Venstre and Det Konservative Folkeparti), reached a welfare agreement with three opposition parties; the Social Democrats, the Danish People's Party and the Social Liberal Party (Socialdemokraterne, Dansk Folkeparti og Det Radikale Venstre). Before this agreement, called *Aftale om fremtidens velstand og velfærd og investeringer i fremtiden* (Agreement on future wealth and welfare and investments in the future, Regjeringen 2006b), the government in April 2006 invited all political parties to a discussion on the future welfare state based on the publication with an almost identical name as the agreement from June (*Fremtidens velstand og velfærd og*

investeringer i fremtiden). This document explicitly took the work of the Welfare Commission as its point of departure (Regjeringen 2006a: 7). Compared to what the final agreement says, this discussion paper was a bit more in line with the commission. For instance, the discussion paper suggested to start increasing the retirement age one year earlier than the agreement and to reduce the early retirement period to four instead of five years (2006: 11). Still, this document is also less radical than the commission's recommendations. The government acknowledges this, saying that although the commission's proposals would improve public finances even more, they also proposed tax reliefs which would be disadvantageous to the same public finances (2006: 16).

In the agreement from June, there are few direct references to the commission, but the topics and arguments are very similar to its report. The biggest difference between the commission and the final agreement is that the agreement comprises not as many reforms as suggested, and that the reforms are less comprehensive and radical than the commission called for. The new retirement age is 67 instead of 68, and the early retirement scheme is changed (stricter eligibility criteria, longer contribution periods) instead of abolished. The automatic stabilisator, however, seems to be introduced in the way recommended by the commission, although implemented in 2015 instead of right away (2006b: 20).

Since a new compulsory private pension savings paid by employers and employees and the cuts of the early retirement scheme, which is so important, are not introduced, it must be concluded that the commission's proposals within ageing and pension policy have been introduced only to a medium to low degree. This holds true even though the automatic stabilisator and an delayed increasing of retirements age was implemented.

The British Turner Commission gave its report in April 2006. Contradictory to the other commissions, the British was equally concerned with sustainability and adequacy. To ensure this, it proposed to increase the retirement age from 65 to 68 and to create a new private pension scheme into which employees are automatically enrolled, based on contribution from both employer and employee. It also recommended turning the State Second Pension into a flat-rate pension and extending credits for caring responsibilities. All of this was implemented through the Pension Acts of 2007 and 2008, although the pension age is to increase somewhat quicker than proposed by the commission. In addition, the government reduced the number of qualifying years for a full Basic State pension. This means that the government has accepted all main recommendations of the Turner commission and that the commission's proposals have been followed to a high degree. Table 3 offers an overview of recommendations and actual policy reforms in the four countries.

Table 3: Policy recommendations and policy responses

Commission	Main recommendations	Policy reforms
The Norwegian Pensions Commission (2004)	<ol style="list-style-type: none"> 1. Closer relation between contributions and pensions. 2. Benefits calculated on all working years instead of only the 20 best 3. A guarantee pension for all residents similar to the former basic pension – income tested 4. Flexible retirement age 62-70 years. The longer one works, the higher retirement benefit 5. Pensioners should be allowed to combine work and pensions, i.e. work income should not result in a corresponding reduction in pensions payment 6. Automatic stabilisator called <i>Levealderjustering</i>: Automatic reduction in pensions if the dependency ratio deteriorates. 7. Not recommended to abolish or reduce early retirement, but the increasing trend of early retirement should be discussed together with the social partners 8. Extension of credits for caring responsibilities 9. Indexation rules: Adjust pension payments after mean of price and wage increases instead of only wage increases 	<p>All main recommendations introduced in the bills of 2005, 2007 and 2009. The changes will take effect from 2010 and/or 2011.</p> <p>The guarantee pension is introduced but income tested by 80 instead of 100 %</p>
The Danish welfare commission (2005)	<ol style="list-style-type: none"> 1. Raise pension age from 65 to 68 (with 1 month/year from 2013) 2. Abolish early retirement scheme (increase the pre-retirement age with 4 month/year from 2009 and abolish in 2028) 3. Introduce compulsory private pension savings paid by employers and employees 4. Increase pensions payments from 2010 until the compulsory private pension savings has an effect 5. Automatic stabilisator called <i>levetidsindeksering</i>. Automatic reconsideration of the retirement age when life expectancy increases. The retirement age will increase by one month each year. 	<p>June 2006: Agreement on future wealth and welfare and investments in the future</p> <ol style="list-style-type: none"> 1. Gradually increase retirement age from 65 to 67 years in the period 2024 and 2027. 2. Increase the pre-retirement age from 60 to 62 years in the period 2019 - 2022 3. Early retirement contributions (<i>efterlønsbidrag</i>) is to be paid for 30 instead of 25 years 4. Automatic stabilisator called <i>levetidsindeksering</i> (???). Automatic reconsideration of the retirement age every five years starting in 2015 to keep the pension period constant at approx. 19, 5 years.
The German Rürup Commission (2003)	<ol style="list-style-type: none"> 1. Increase the age for when it is possible to receive early retirement benefits by 2 years 2. Automatic stabilisator called <i>Nachhaltigkeitsfaktor</i>: Automatic reduction in pensions if the dependency ratio deteriorates. 3. Gradually increase the retirement age from 65 to 67 in the period 2011 and 2035 (with 1 month/year). 	<p>2004: Law concerning sustainability of the pension insurance fund:</p> <ol style="list-style-type: none"> 1. Increase the age for when it is possible to receive early retirement benefits from 60 to 63 in the period 2006 - 2009 2. Automatic stabilisator called <i>Nachhaltigkeitsfaktor</i>: Automatic reduction in pensions if the dependency ratio deteriorates. <p>2006: Law on the Adjustment of the Retirement Age</p> <ol style="list-style-type: none"> 3. Gradually increase retirement age from 65 to 67 years in the period 2012 and 2029 (with 1-2 month/year).
The British Pensions commission	<ol style="list-style-type: none"> 1. Gradually increase retirement age from 65 to 66 by 2030, to 67 by 2040, and to 68 by 2050. 2. Extension of credits for caring responsibilities. 3. Creating a National Pensions Savings Scheme: Automatic enrolment of employees in a funded pension savings scheme with contributions from employee and employer. 4. Reform the State Second Pension into a flat-rate pension. 	<p>The Pensions Bill (2007):</p> <ol style="list-style-type: none"> 1. Gradually increase retirement age from 65 to 66 between 2024-2026, to 67 between 2034 - 2036, and to 68 between 2044-2046. 2. Extension of credits for caring responsibilities. 3. reduce the number of qualifying years for a full Basic State pension <p>The Pensions Act (2008):</p> <ol style="list-style-type: none"> 4. Creating a National Pensions Savings Scheme: Automatic enrolment of employees in a funded pensions savings scheme with contributions from employee and employer. 5. Reform the State Second Pension into a flat-rate pension

Source: MISSOC-Info 1/2009, 2008, 2007, 2006, 2005

Is there a common understanding behind the advice of the four commissions? Are there signs of convergence or divergence? Do commissions from different welfare regimes propose different reform trajectories? As shown by Ervik, the old age dependency ratio (OADR), i.e. the relation between elderly non-working and the working age population, is both a “key concept and driver for the need to reform” (2009b: 5). This frame has an important place in West European welfare reform debates, probably due to its simple and clear “evidence” of the burden of ageing and the connected need for change (2009b: 6), although Ervik clearly demonstrates that such an argument fails to acknowledge potential technological advances and production growth. And the clearest frame applied by the four welfare commissions to argue for reform is precisely this OADR. As this relationship is generally considered to deteriorate, reform is argued to be unavoidable. The emphasis is on productive ageing; “the idea that the problems posed by demographic ageing can be addressed only through encouraging people to have longer working lives and retrenching the universal benefits associated with the modern welfare state” (ActivAge Consortium 2008: 618).

In the German report, the OADR - frame is very present. Actually, the two main reform proposals, the increased retirement age and the so called *Nachhaltigkeitsfaktor* (sustainability factor), can be seen as a direct answer to this problem. Particularly the last proposal fits well as a solution to the OADR-problem as this automatic stabiliser is supposed to mediate the growing difference between workers and benefit recipients. A quote from the English summary explains this: "This sustainability factor would have the effect of reducing the annual pension adjustment if the ratio of pensioners to contribution payers (pensioner quotient) changes to the detriment of the contribution payers" (Rürup-Kommission 2003: 6).

It is interesting to note that those commission members who disagree with the reform proposals, i.e. mainly representatives with a trade union affinity, disagree from a justice point of view. They claim that reform proposals would be unfair to older workers. They do not, however, question the applicability of the OADR; there is no criticism about the uncertainty connected to prognosis, possible future productivity growth and so on. Possible counter arguments regarding the OADR are not brought up, but these members do not support the recommendations on increased retirement age or the sustainability factor.

The UK Turner commission refers to the demographic challenge and unavoidable choices that have to be made on this background. The OADR-frame is presented several times to illustrate, both in words and in diagrams, how future pensions are insecure should reforms not take place. However, the commission also justifies reform with reference to other

challenges, most importantly that "the current system of private funded pensions combined with the current state system will deliver increasingly inadequate and unequal results" (Pensions Commission 2005: 2), due to different flaws in the system. While long-term financial stability is a worry across Europe, adequacy and avoidance of poverty are British priorities regarding old people (Walker and Naegel 2009: 8). Both the UK and German commissions emphasize measures to facilitate later working which clearly relies on a productive ageing similar reasoning, for instance when the Turner commission stresses the need for age discrimination legislation, ensuring good financial incentives for postponing retirement, and education and training of older workers.

Longevity is considered the most important challenge in the Norwegian pension commission's report as well. The OADR is again presented as final proof of how a reform is needed. Another version of the same argument is the changes in life expectancy after the age of retirement. According to the report, this has increased from 14 years in 1973 to 17 in 2004, and is expected to increase to 22 years in 2050 (NOU 2004: 10). Due to its high oil revenues and the existence of a pension fund, quite much space is also given to explaining how the oil revenues are insufficient to finance future pensions. The commission does admit that there are uncertainties connected with demographic prognosis, as for instance family policy measures which influences fertility rates might have an impact (NOU 2004: 21), but this is not discussed much. Productivity growth is mentioned briefly, as are also family policy measures and immigration (NOU 2004: 115-117). Several measures to make people work longer, such as allowing combination of retirement and work and incentives to remain employed after the statutory retirement age of 67 years, are proposed. Moreover, the commission recommends the introduction of a sustainability factor very similar to the German one, which would automatically reduce pension payments in future if life expectancy continues to grow and the number of pensioners increases substantially.

Similar to the German commission, the Danish Welfare Commission does not exclusively focus on pensions. The OADR is presented in the very beginning of their report, but in contradiction to the other three commissions, their proposed solutions are broader than measures reducing early retirement, postponing retirement and increasing the overall employment rates. For instance, the commission focus on how young Danes start working too late – they wait too long before they start studying and then they spend too many years in the education system. However, an approach encouraging people to work longer is conspicuous, and the recommendations of the commission was e.g. to raise the retirement age by one month

from 2013, ending at 68 years in 2048, and to index the retirement age to the average life expectancy of 60 year olds, thus introducing an automatic stabilisator.

As indentified in table 3, the commissions draw many similar conclusions and identify similar policies. All commissions propose an increased pension age, except the Norwegian. Here the retirement age is already high (67) and the commission has instead chosen to focus on making people work as long as the actual retirement age. It is also interesting to note how the Norwegian, Danish and German commissions all suggest the introduction of some kind of automatic stabilisation factor which will reduce pensions if the dependency ratio deteriorates. Relating this to the theory of Pierson (2001), the commissions seem to focus on the same challenges to their welfare arrangements which results in similar rather than different reform trajectories, it is much re-commodification and cost containment. Still, it must be noted that the Turner commission is much more occupied with adequacy and avoidance of poverty than the Norwegian, Danish and German commissions. This is probably at least partly due to its Beveridgean pension model, where the focus is set on poverty alleviation with modest and low benefits, generating less comprehensive public obligations than in other welfare states (Bonoli 2001), confirming that different countries have somewhat different challenges. One possible reason for the similarities across countries could be the composition of commissions. Further research could investigate whether experts, and economists in particular, with similar mindsets, have gained particular influence through their membership in governmentally appointed commissions.

3. Policy reforms due to the expert commissions?

Section 2 has shown that there is a high degree of correspondence between the commissions' recommendations and actual reforms in Germany, Norway and the UK, and a medium/low degree in Denmark. This section will elaborate on this finding; what was the role of the commissions in the reform process? To what extent is reform shaped by these commissions? As stated in the introduction, the discussion of the effect of commissions in this paper unfortunately relies on limited data as all interviews have not been completed yet. Only interviews with Norwegian politicians, experts and bureaucrats who were members of the Pension commission form the basis of this brief discussion.

The comparison of commission recommendations with reforms cannot give a final answer to whether policy makers acted because of the commissions. For instance, many

reform proposals have been discussed publicly by other actors before they were included in the commissions' recommendations (Christensen et al. 2009b: 257). However, when specific measures such as the automatic stabilisers are adopted, this is indicative of influence. Moreover, interviews with national key informants may shed more light on the reform process. All interviewed members of the Norwegian Pension Commission have the impression that their recommendations are followed to a high degree by the government. When asked to give examples of important recommendations that have been either ignored or changed substantially these informants have hardly any suggestions. One interviewed member representing a political party regards the design of the new guarantee pension as one example of a recommendation that changed during the political process following the report. The Pension commission proposed to let the guarantee pension be income-tested against the income pension by 100 percent. However, to increase the level of redistribution and to increase work incentives among low income groups, this was changed during the parliamentary discussions of the report. As a result, the guarantee pension will be income-tested against the income pension with 80 percent. Apart from this example there are hardly any comments on differences between proposal and actual reform.

Several interviewees refer to the creation of consensus as the most important function of the commission. Acceptance for the understanding that a reform was needed at all is an example emphasised by one informant. The increased public debate on the need for and content of reform as well as the introduction of the term *work incentive* in debates in communities other than those dominated by economists are other effects stressed by the same informant. Another indication of how the Norwegian commission created consensus among its members is how the interviewees hardly come up with any examples when asked whether there were particular controversial and/or difficult issues during their discussions.

Pension systems are the largest public transfer programmes, meaning that they demand huge expenditure for the welfare state. As coverage and life expectancy both have grown over the years, pension expenditure is seen to represent a major threat to the sustainability of welfare states, putting pension reform high on the agenda in most European countries. Making people work longer and cutting benefits are difficult for governments as public pension systems have created large constituencies, meaning that politicians fear electorally risky reforms (Hinrichs 2009: 119). This short discussion indicates that commissions have substantial influence on the content of policy reforms, maybe because they help legitimize reforms. In order to draw meaningful conclusions about the general relationship between the work of commissions and actual reforms, the comparison will have to be extended by

including more interview data and by analyzing mandates and how commissions are composed. This is the goal of a future version of this paper.

4. Summary: common crisis, common responses

What is the role of expert commissions in processes of welfare reforms? Which problems and challenges of the welfare state concerning ageing and labour market participation are identified by the commissions, and what do they recommend? Have the recommendations resulted in reforms? These were the questions set out in the introduction of this paper. While existing research on welfare commissions has been mainly domestically oriented I have applied an international comparative perspective on the work of commissions. This perspective sheds light on how challenges are perceived and interpreted in different countries and how these countries deal with their ageing societies.

The focus of the four commissions has been remarkably similar. The attention is directed towards the future sustainability of the welfare state, reflected in the title of the German and Norwegian commission reports, and permeating all four main commission reports. The challenges to be met are also framed in a quite similar vein; it is above all the population ageing, illustrated with different numbers and projections of the old age dependency ratio. Encouraging people to work longer is a main solution across countries. As such, the commissions have similar problem understandings and recommendations; they all focus on the prolonging of working life. This implies that theories suggesting that different welfare regimes will follow different reform trajectories are not completely instructive in this particular case. However, the focus on adequacy and avoidance of poverty is mainly an important part of the British commission, reflecting that this country is not hit as hard by demographic ageing as the three others. One possible reason for the similarities across countries could be the composition of commissions. Further research should investigate the importance of composition and mandates given to the commissions.

The comparison between recommendations and actual policy reforms indicates that the commissions have been influential and have helped governments pursue unpopular welfare reforms. This is supported by the interview data, although so far only available for the Norwegian case, implying that such commissions may create important consensus on the main challenges and solutions to welfare sustainability. However, existing research also suggests that commissions have been influential. In a comparison of Norwegian pension reforms, Pedersen (2009) highlights the importance of the pension commission in creating an

understanding of the need to reform generous pension schemes, much due to its configuration with political parties but no interest organizations. The Danish Welfare Commission, which also deliberately kept interest organizations out and drew its members mainly among (economic) experts, seems to have played a similar role. Petersen (2009: 137-138), a member of the Danish commission, describes the commission as a governmental tool to create reform acceptance and legitimacy based on the members' status as experts. This could indicate that the governments have tried to bypass vested interests through composition, going from corporative to expert commissions. More interviews and cross country comparisons of composition will provide answers to what role the commissions really played in the reform processes of Norway, Denmark, Germany and the UK.

Literature:

ActivAge Consortium (2008): Overcoming the barriers and seizing the opportunities for active ageing policies in Europe. *International Social Science Journal*, 58 (190), 617-631.

Bonoli, Giuliano (2000): The politics of pension reform: institutions and policy change in Western Europe. Cambridge, UK New York: Cambridge University Press.

Bulmer, Martin (1980): Social Research and Royal Commissions. London, Boston: George Allen & Unwin.

Christensen, Jørgen Grønnegaard, Mouritzen, Poul Erik and Nørgaard, Asbjørn Sonne (eds.) (2009a): De store kommissioner. Vise mænd, smagsdommere eller nyttige idioter. Odense: Syddansk Universitetsforlag.

Christensen, Jørgen Grønnegaard, Mouritzen, Poul Erik and Nørgaard, Asbjørn Sonne (2009b): Kommissioner og reformstrategier, in Christensen, Jørgen Grønnegaard, Mouritzen, Poul Erik and Nørgaard, Asbjørn Sonne (eds.), De store kommissioner. Vise mænd, smagsdommere eller nyttige idioter. Odense: Syddansk Universitetsforlag.

Ervik, Rune (2009a): 'Policy Actors, Ideas and Power: EU and OECD Pension Policy Recommendations and National Policies', in Rune Ervik, Nanna Kildal and Even Nilssen (eds): *The Internationalisation of Social Policy: Ideas, Actors and Impact*, Cheltenham, UK and Northampton, MA, US: Edward Elgar, pp. .

Ervik, Rune (2009b) "A Missing Leg of Ageing Policy Ideas: Dependency Ratios, Technology and International Organizations", paper, International Sociological Association, Research Group 19, Conference on: "Social policies: Local Experiments, Travelling Ideas", Montreal, Canada, 20-22.08.2009.

EU (2010): Green Paper - towards adequate, sustainable and safe European pension systems. Brussels: European Commission.

Fleckenstein, Timo (2008) Restructuring welfare for the unemployed: the Hartz legislation in Germany. Journal of European Social Policy 2008 18: 177-188.

Hills, John (2006a) From Beveridge to Turner: demography, distribution and the future of pensions in the UK. Journal of the Royal Statistical Society: series a, 169 (4), pp. 663-679.

Hills, John (2006b): A New Pension Settlement for the Twenty-First Century? The UK Pensions Commission's Analysis and Proposals. Oxford Review of Economic Policy, Vol. 22, No. 1, pp. 113-132.

Hinrichs, Karl (2009): "Pension Reforms in Europe: Convergence of Old-Age Security Systems?" in Petersen, Jørn Henrik and Petersen, Klaus (eds.) The Politics of Age. Basic Pension Systems in a Comparative and Historical Perspective. Frankfurt am Main: Peter Lang, p. 119 – 143

Hort, Sven E. O. (2005): After Equality? Normative innovations from Lindbeck to Svegfors - Towards a dynamic conservatism? In Kildal, N. and Kuhnle, S. (eds) Normative Foundations of the Welfare State: The Nordic Experience. London: Routledge.

Kangas, Olli, Lundberg, Urban and Ploug, Niels (2006): "Three routes to a pension reform. Politics and institutions in reforming pensions in Denmark, Finland and Sweden", Arbetsrapport 2006:10, Institute for Futures Studies.

Kangas, Olli, Lundberg, Urban and Ploug, Niels (2010): Three routes to pension reform. Politics and institutions in reforming pensions in Denmark, Finland and Sweden. Social Policy and Administration, 44 (3), 265-284.

Klitgaard, Michael Baggesen and Nørgaard, Asbjørn Sonne(2009): "Arbejdsmarkedsreformer med og uden kommissioner", i Christensen, Jørgen Grønnegaard, Mouritzen, Poul Erik and Nørgaard, Asbjørn Sonne (eds.): De store kommissioner. Vise mænd, smagsdommere eller nyttige idioter. Odense: Syddansk Universitetsforlag.s. 91-116.

Klitgaard, Michael Baggesen og Christiansen, Peter Munk (2009): Reformpolitik bag uklarhedens slør: Den danske strukturreform 2002-2005, Politica, vol. 41, nr. 1, s. 92-113.

Krick, Eva (2006): Politikberatung durch Expertengremien. Legitimation und Funktion der ‚Hartz‘- und der ‚Rürup‘-Kommission. Arbeitspapiere – Working Papers 2/2006, Universität Osnabrück – University of Osnabrück, Fachbereich Sozialwissenschaften – Social Science Faculty.

Kropp, Sabine (2003): „"Deparlamentarisierung" als Regierungsstil?“ i Antonia Gohr og Martin Seeleib-Kaiser (red.), Sozial- und Wirtschaftspolitik unter Rot-Grün. Wiesbaden: Westdeutscher Verlag.

Kropp, Sabine (2004): „Gerhard Schröder as „Coordination Chancellor“: The Impact of Institutions and Arenas on the Chancellor's Style of Governance“ i Werner Reutter (red.), Germany on the Road to "Normalcy": Policies and Politics of the Red-Green Federal Government (1998-2002). New York: Palgrave Macmillan.

Lamping, Wolfram (2006): Regieren durch Regierungskommissionen? Funktionen und Implikationen der Hartz- und der Rürup-Kommission im Vergleich. Zeitschrift für Sozialreform. Heft 2, 2006.

Lindén, Tord S. (2010): Commissions on pensions and ageing policies in Europe, paper presented at the Centre seminar, Centre for Welfare State Research, SDU Odense, 27. April.

Marier, Patrick (2008): Are Norwegian Policy Makers experiencing Swedish Enlightenment? Policy learning and Policy diffusion in Pensions. Paper presented at NOPSA 2008.

Natali, David and Rhodes, Martin (2008): The 'New Politics' of Pension Reforms in Continental Europe, in Camila Arza and Martin Kohli (eds.), Pension Reform in Europe. Politics, policies and outcomes, Routledge

Pedersen, Axel West (2004): Halvhjertet kopi av brutal original. En sammenligning av Pensjonskommisjonens forslag og det nye svenske pensjonssystemet. Tidsskrift for Velferdsforskning, 7(3):168-187.

Pedersen, Axel West (2009): "Fra konkurranse til kompromiss. En sammenliknende studie av to norske pensjonsreformer" in Bay, A-H, Pedersen, A-W and Saglie, Jo (eds), Når Velferd blir politikk. Oslo: Abstrakt forlag, s. 120-159.

Petersen, Jørn Henrik (2009): "Velfærdskommissionen", i Christensen, Jørgen Grønnegaard, Mouritzen, Poul Erik and Nørgaard, Asbjørn Sonne (eds.): De store kommissioner. Vise mænd, smagsdommere eller nyttige idioter. Odense: Syddansk Universitetsforlag. s. 117 – 141.

Pierson, Paul (2001): "Coping with Permanent Austerity. Welfare State Restructuring in Affluent Democracies" in Pierson, Paul (eds.), *The new Politics of the Welfare State*. New York: Oxford University Press, pp. 410-456. [dette kap eller hele boken?](#)

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

Regjeringen (2006a): *Fremtidens velstand og velfærd og investeringer i fremtiden* (Future wealth and welfare and investments in the future).

Regjeringen (2006b): *Aftale om fremtidens velstand og velfærd og investeringer i fremtiden* (Agreement on future wealth and welfare and investments in the future).

Schludi, Martin (2008): Between conflict and consensus: the reform of Bismarckian pension regimes", in Camila Arza and Martin Kohli (eds.), Pension Reform in Europe. Politics, policies and outcomes, Routledge, pp. 47-69.

Schludi, Martin (2005): The reform of Bismarckian pension systems: a comparison of pension politics in Austria, France, Germany, Italy and Sweden. Amsterdam University Press [Finnes](#)

Schulz, J.M. and M.J.W. van Twist (2009): Overrun by Rabbits? Governing by Commission in the Netherlands. Paper presented at the European Group for Public Administration conference (EGPA), Study Group VI: Governance of Public Sector Organizations.

Schulze and Jochem 2007

Siefken, Sven T. (2007): Expertenkommissionen im politischen Prozess. Eine Bilanz zur rot-grünen Bundesregierung 1998-2005. VS Verlag für Sozialwissenschaften.

Siefken, Sven T. (2006a): "Die Arbeit der so genannten Hartz-Kommission und ihre Rolle im politischen Prozess", in: Handbuch Politikberatung. Wiesbaden: VS Verlag für Sozialwissenschaften, S. 374-389.

Siefken, Sven, (2006b): Regierten die Kommissionen? Eine Bilanz der rot-grünen Bundesregierungen 1998-2005. In: Zeitschrift für Parlamentsfragen 559-581.

UN (2008): World Population Prospects: The 2008 Revision Population database, United Nations Population Division, available at <http://esa.un.org/unpp/index.asp?panel=2>

Walker, Alan and Naegele, Gerhard (2009): "Major Policy Challenges of Ageing Societies: Britain and Germany Compared", in Social Policy in Ageing Societies. Britain and Germany Compared. Basingstoke: Palgrave MacMillan, pp. 1 – 21.

Øverbye, Einar (2008): How do Politicians get Away with Path-Breaking Pension Reforms? The Political Psychology of Pension Reform In Democracies, in Camila Arza and Martin Kohli (eds.), Pension Reform in Europe. Politics, policies and outcomes, Routledge

Commission reports

Danish Welfare Commission (Velfærdskommissionen) (2005): Fremtidens velfærd – vores valg.

NOU (2004: 1): Modernisert folketrygd. Bærekraftig pensjon for framtida. Oslo.

Pensions Commission (2004), Pensions: Challenges and Choices, The First Report of the Pensions Commission, London: Stationery Office.

Pensions Commission (2005), A New Pension Settlement for the Twenty-first Century: Second Report of the Pensions Commission, London: Stationery Office.

Pensions Commission (2006), Implementing an integrated Package of pension reform: The Final Report of the Pensions Commission. London: Stationery Office.

Rürup-Kommission (2003): Nachhaltigkeit in der Finanzierung der Sozialen Sicherungssysteme. Bundesministerium für Gesundheit und Soziale Sicherheit (Achieving financial sustainability for the social security systems, Federal Ministry of Health and Social Security).