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Introduction

The dividing line between the 'public' and the 'private' is not fixed, but usually contested and constantly renegotiated (cf. Shonfield 1965). During the so-called golden era of welfare state capitalism, direct *public* provision of social policy was often perceived as the core instrument for the pursuit of 'social citizenship' (Marshall 1950), social integration or the reduction of poverty in Western Europe. Although voluntary organizations and the market had been identified, in addition to the state, as constituent parts of the mixed economy of welfare very early on, attention within public debates and academic analyses has been primarily on the nation *state* as a financier and provider of social policy (Titmuss 1958). Over the past two decades, however, public debates in many countries and international organizations have shifted, calling for a greater emphasis on private arrangements, including occupational welfare (OW). Despite years of debate, most research on the shifting boundaries between 'public' and 'private' social policy has centred around normative or functional perspectives and has stayed at a rather theoretical level (cf. Pearson and Martin 2005; Gilbert 2005; but see Béland/Gran 2008 and Seeleib-Kaiser 2008). The aim of this paper is to empirically analyze the development of occupational welfare from a comparative perspective, with special attention given to the domain of occupational pensions. We build on the important contributions in the field of occupational pensions from Shalev (1996), Clark *et al.* (2006) and Ebbinghaus (2011).

In the first section of our paper we discuss OW from a theoretical perspective, before, in the second section, we empirically analyze the development of occupational pensions in selected European countries from three perspectives: a) how have OP policies developed since WWII? b) What are the distributional effects of these developments? And c) How can we explain the diversity of these developments? We have chosen a representative range of old EU Member States, including Austria, Belgium, Germany, Italy, the Netherlands, Spain, Sweden and the United Kingdom. This comparative report is based on country reports from the PROWELFARE II project and original research, including a database, which collects qualitative and mostly quantitative information on occupational pensions ([1]). We have tried to corroborate our findings by basing them on as many data sources as were available to us and by using ratios and coefficients of variation in addition to specific estimates to check for the robustness of our analysis in terms of segmentation and dualisation.

1. The OECD Social Expenditure Database; OECD Pensions at a Glance (various years), the Luxemburg Income Study (LIS), the Survey of Health, Aging and Retirement in Europe (SHARE), the European Labour Force Survey (EU-LFS), as well as additional national studies reporting data on occupational pensions.

1. Conceptualizing Public and Private Social Policies

Although titles such as 'Decline of the Public' (Marquand, 2004) or the 'Silent Surrender of Public Responsibility' (Gilbert 2002) suggest that nation states have undergone a profound reconfiguration of the public sphere and public responsibility, path dependence and incrementalism were identified by comparative welfare state scholars as characterizing welfare state developments up to the early 2000s (cf. Pierson, 2001). Overall a notion of 'frozen welfare state landscapes' (Esping-Andersen 1996, p. 24) and regime stability (Esping-Andersen 1999; Esping-Andersen *et al.* 2002) dominated academic debates in comparative social policy for years. However, more recent evidence from a variety of countries seems to question the status quo of findings of earlier studies, highlighting the increasing importance of private and occupational arrangements in European welfare states (Peters 2005; Seeleib-Kaiser 2008; Ebbinghaus 2011; cf. for Germany Seeleib-Kaiser 2016).

This is not to say that occupational policies per se are an entirely new phenomenon. Moreover, the origins of occupational welfare can be traced back to the period of early industrialization. Occupational welfare has various roots, e.g. in the social teachings of the Catholic Church, benevolent industrialists, 'modern' HR approaches and specific forms of industrial relations. In many countries, occupational welfare arrangements are supported by the state through tax relief or so-called fiscal welfare (Titmuss 1958; Howard 1997). As a consequence of demographic change, various political actors, most vocal among them the World Bank, have promoted a redesign of pension policies since the early 1990s, emphasizing the need to develop multiple pension pillars (World Bank 1994). Subsequently, the World Bank recommendations were adopted in a number of Central and Eastern European and developing countries (Guardiancich 2012).

If it is correct that private social policy arrangements, including occupational welfare, are of increasing importance also in Western Europe (Peters 2005), we should analyze occupational welfare in greater detail. At the outcome level, fiscal and occupational welfare provisions are said to intensify 'divisions of welfare', as has already been noted by Titmuss (1958) decades ago, and empirically demonstrated in a study by Castles and Obinger (2006, 21). As they have shown, "it is gross spending – and the tax incidence that shapes it – that is central to the redistributive purposes of the welfare state." Taking the lead from this research and the observation that we are indeed witnessing an expansion of 'private social policies' in the form of occupational welfare in Europe, we might indeed talk of a 'risk shift' (Hacker 2004) -- i.e. a policy development which limits solidarity at the nation-state level (Sternjø 2005) and may indeed lead to an increase of 'enclave social policy' (Root 1982, 16) across Europe.

The starting point of our analysis is a definition of welfare put forward by Franz-Xaver Kaufmann, who defined welfare as a political exercise "to establish or guarantee societal situations in which the individual benefit and the common benefit do not diverge, but reinforce each other in the sense of synergic effects" (Kaufmann 1994, 357 f.; authors' translation). Based on this definition of welfare, a welfare system could be imagined as a societal arrangement which insures against social risks in a collective, highly regulated, and/or redistributive manner with a relatively high degree of certainty for future claims [*Erwartungssicherheit*]. To some extent the meaning of such a welfare system overlaps with Marquand's (2004, 26 ff.) concept of 'public domain'. Based on these elaborations we will analyze to what extent varieties of occupational pension provision across Europe might lead to 'enclave social policies' with profound distributional effects (cf. Ebbinghaus/Neugschwender 2011).

2. Comparing Occupational Pension Policies in Europe

Historically, we can differentiate between Beveridgean and Bismarckian pension systems (Bonoli 2003, Ebbinghaus 2011). After WWII the Nordic countries, the Netherlands and the UK followed Beveridge and provided basic pensions. Whilst the Scandinavian and Dutch basic pension systems were rooted in the principle of universalism and citizenship (later residence) with the main aim to avoid poverty in old age, the British system was contribution-based with public pension benefits below subsistence level. The low levels of replacement rates for pensioners in countries with Beveridgean pension schemes provided policy space for the development of earnings-related occupational pension schemes, following a crowding in pattern (Ebbinghaus/Gronwald/Wiß 2011).

Whilst in the Nordic countries and the Netherlands the coverage of occupational pension schemes was encompassing, as a result of collective bargaining and the extension of these agreements to all workers in the various economic sectors, the development in Britain remained rooted in voluntarism, with large differences by economic sector. From this perspective the arrangements established in the Netherlands and Sweden, despite the relatively high significance of occupational pensions, can be characterized as universal and encompassing (Anderson 2011; Lindquist/Wadnesjö 2011), based on the principles of social and industrial citizenship (Marshall 1950). The pension system that developed in the UK underwent numerous reforms, but overall was characterized by social protection dualism (Fleckenstein/Saunders/Seeleib-Kaiser 2011), providing relatively generous benefits for social protection insiders covered by occupational pensions and a very low basic pension, leading to high poverty rates among pensioners. Industrial citizenship played a significant role in the public sector and the nationalized sectors of the economy during the 1970s. With increasing privatization of nationalized industries in the 1980s and subsequent deindustrialization, the coverage rate among employees in the *private* sector began to decline dramatically, with some 'social policy enclaves' retained in certain sectors of the economy, such as banking and manufacturing, whilst also the overwhelming majority of employees in the public sector continued to be covered by relatively generous defined-benefit schemes (Bridgen/Meyer 2011).

The Bismarckian pension schemes of Austria, Belgium, Germany, Italy and Spain provided relatively generous earnings-related public pensions for average workers, largely crowding out any significant role for occupational welfare. Occupational pension coverage was rather limited and the contribution of occupational pensions to retirement income was low. Whilst the German public pension scheme was largely based on the principle of actuarial equity, and pensions were calculated based on the wage income over the entire career, pension calculations in the other countries were based on the best income years. Especially in Germany pension income was highly stratified, extending labour market differences into retirement (Ebbinghaus *et al.* 2011).

Based on an analysis of data from the Luxembourg Income Study (LIS) in the mid-1990s, income from occupational pensions in the countries included in our study constituted a significant percentage of the total income of those pensioners covered by these plans only in Germany, the Netherlands, Sweden and the United Kingdom (see Table 1). The high proportion of occupational pension income as a share of overall pension income in the United Kingdom is noteworthy; this is partly the result of the particularly low state pension (Blake 2003).

Table 1: Occupational Pension Income as a Proportion of Total Pension Income

	Occupational pension as a Percentage of Total Pension Income (household basis) in the mid-1990s
Germany	21.7
Netherlands	44.5
Sweden	21.1
United Kingdom	49.7

Source: own elaborations based on LIS online microdata, http://www.lisdatacenter.org/data-access/

Table 2 provides comparative data of pensioners in the mid-1990s receiving an occupational pension. This data, combined with the data presented in Table 1, provides an indication of the relevance of occupational pensions among the overall workforce during the *trente glorieuses*. Only in the Netherlands, Sweden and the United Kingdom did a majority of pensioners receive occupational benefits; however, the coverage levels were far from being encompassing. Based on a comparison of pensioner households receiving an occupational pension in the 1990s and the entitlement of older employees, i.e. those most likely to have an occupational pension entitlement, during the early 2000s and 2010s, we can identify a clear expansion of occupational pension coverage in all countries but the UK (see Table 2).

Overall there are three profiles of countries in terms of employees' coverage of occupational pensions: high coverage countries (Sweden and the Netherlands), medium coverage countries (the UK, Germany and Belgium) and low coverage countries (Italy, Spain and Austria). Whilst occupational pension coverage in Sweden and the Netherlands had already become more encompassing by the 1990s, covering about 70 and 90 percent of workers close to retirement, coverage continues to remain at a significantly lower level of around 60 percent among older employees in Britain. In Belgium and Germany, coverage has significantly increased from low levels to about 50 percent of the workforce, and to approximately one third among older employees. The lower levels of coverage among older workers result from the relatively recent shift towards greater importance of occupational pensions. In Austria, Italy and Spain, occupational pensions remain more residual and statutory/public pensions for 'average workers' continue to be relatively generous, as evidenced by the net prospective replacement rates (see Tab 3). This does not, however, mean that these countries have not witnessed any statutory pension reforms, for instance an increase in the retirement age and/or a changed benefit formula for public pensions, making them less generous.

Table 2: Pensioners' Households in Receipt of Occupational Pensions (mid-1990s) and Coverage Rate of Employees (early 2000s and 2010s)

	Mid-1990s	***Early to mid-2000s***	***2010s***		
	Percentage of Pensioners' Households in Receipt OP	OP Coverage among Older Employees	OECD Coverage Rate among Working Age Population 15-64 years	Coverage Rate among Older Employees (SHARE)	Coverage Rate among Older Employees (EU-LFS)
Countries with low occupational pension coverage					
Austria	2.9	8.6	7.4	6.9	25.1
Italy	0.8	14.2	3.3	11.4	8.9
Spain	1.0	6.4	3.3	4.9	7.3
Countries with medium occupational pension coverage					
Belgium	2.4	16.1	45.2	27.4	40.6
Germany	17.5	29.8	56.4 (1)	36.5	33.7
United Kingdom	62.0	61.7	30.0	58.1	62.5
Countries with high occupational pension coverage					
Netherlands	56.1	91.2	88.0	86.0	90.1
Sweden	57.5	72.4	90.0	92.3	89.7

(1). Coverage rates are expressed with respect to employees aged 25-64, subject to social insurance contributions.

Source: authors' elaborations based on LIS online microdata for pensioners' households in the mid-1990s; for older employees (50+) in the early-mid 2000s own elaboration of pooled SHARE micro data for 2003-2006 and for the UK own elaboration of ASHE data for 2005; for employees in the 2010s: OECD (2013) coverage rates for the working age population 15-64; older employees pooled SHARE data for 2011-13, EU-LFS data for 2012; for UK ASHE data for 2013.

Despite the fact the Netherlands and Sweden ([2]) have solidified their arrangements of relatively generous basic pensions with *collectively bargained occupational pensions* (Keune 2016), we can identify some risk shift during the last two decades, as in both countries we can detect a clear trend away from schemes based on defined benefits (DB) towards schemes based on defined contributions (DC). DB guarantee a certain percentage of the final or average income as a retirement income, whereas in DC schemes employers only guarantee a certain level of contributions. The adequacy of DC pensions depends on the development of financial markets and the real rate of return; as Burtless (2009) has shown, cohort effects are very likely. The Social Protection Committee of the EU wrote in a report published in 2008: "Assuming 40 years of contributions of 10% of earnings a year using OECD average mortality rates projected for 2040, with 3.5% annual investment returns, the replacement rate would be 34.4%. Actually past evidence shows that real rates of return over a 40 year period would range between 1.5% (10% worst cases) and 5.3% (10% best cases). Respective replacement rates would range from 22.8% to 52.2%" (SPC 2008: 47). In order to mitigate these risks we can see some moves towards collective defined contribution schemes in the Netherlands (Keune and Payton 2016, Cumbo 2014).

Although our data for Britain seems to indicate stability or only a marginal decline of occupational pension coverage among older workers, coverage has significantly declined to about a third among workers employed in the private sector until the 2010s. Pension arrangements in the UK are less likely to be governed by collective bargaining arrangements at the *sectoral* level (with exceptions for some sectors such as the National Health Service and Higher Education), and for the most part are provided for individual companies and governed by trusts. Furthermore, many pensions have been transformed from DB schemes into DC schemes. The decline in pension coverage has eventually led to a change in the statutory environment. From 2012 onwards employers in Britain have to auto-enrol all qualifying employees into occupational pension schemes. Nevertheless, the contribution rates within the auto-enrolment provision are rather low, as the statutory minimum contribution rate is 8 percent when fully rolled out in 2019 (employers pay 3 percent of the gross wage and employees 5 percent). Although the reforms are very likely to increase the overall coverage, it is likely that the expansion in coverage will go along with a retrenchment and transformation of formerly generous occupational pensions. Coverage continues to be quite varied, as auto-enrolment is yet not fully implemented and some sectors started with very low levels of coverage, such as the hospitality sector. In the UK we can clearly identify a trend towards privatization and individualization of risk since the 1980s. Only once the coverage of occupational pensions in the private sector had declined to a low level, especially considering the very limited nature of statutory pensions, and the potential for large parts of the population to be dependent

2. Sweden has also introduced a minor privatization/individualization of the public pension arrangements (see Jansson *et al.* 2016).

on means-tested benefits during old age, did the government act by legislating auto-enrolment as well as the introduction of a more generous basic state pension. Nevertheless, the full basic state pension would still require 35 years of contributions (Seeleib-Kaiser 2014; Nazcyk 2016).

Belgium and Germany are the only two Bismarckian welfare states that have significantly expanded their occupational pension schemes in relation to the statutory arrangements. In Belgium the so-called "Vandenbroucke" law of 2003 on complementary pensions explicitly aimed at strengthening the second pillar and at providing a unified framework for all supplementary pension schemes. The prospective replacement rate of the statutory scheme is scheduled to decline significantly from more than 60 percent to about 50 percent. Based on national statistics the reform was a success in terms of occupational pension coverage; whereas in 1999, 30% of workers were members of a group insurance or a pension fund, this percentage had risen to 75% among employees and 45% among the self-employed by 2014 (Ghailani and Peña-Casas 2016). The majority of sectoral pension schemes are DC schemes and a shift has taken place over recent years away from DB schemes. A high coverage rate has not been matched by a significant increase in the level of generosity: supplementary pensions may help to increase the replacement income for the few, but for many employees (especially those with low-medium income) occupational pensions do not constitute a 'valuable complement' to the statutory pension (ibid., 2016).

Germany significantly reformed its statutory pension scheme in the early 2000s. In addition to raising the pension age, it partially privatized the public pension. The net replacement rate for an average worker will decline from about 70% at the time of the enactment of the reform (2001) to about 55% by 2030. At the same time, the government has improved the arrangements for private and occupational pensions. However, only if workers or their employers make significant contributions to a private or occupational pension plan will they potentially be able to retire on a pension allowing them to maintain their living standard. Without any further changes in the pension system, poverty among senior citizens is likely to increase significantly. Unlike the Netherlands and Sweden and similarly to the UK, occupational pensions are based on the principle of voluntarism. We see relatively broad coverage in the private sector within certain industries, such as financial services industries and manufacturing (see section below; Seeleib-Kaiser *et al.* 2012; Blank 2016); in the public sector coverage has been 100% among public employees (civil servants' pensions are covered by a tax funded arrangement), ever since occupational pensions were made mandatory in the 1960s (Ebbinghaus *et al.* 2011).

Although all other Bismarckian countries in our comparative study have also implemented reforms to foster greater occupational pension coverage, these policy changes have not led to systemic or paradigmatic changes. Whilst, according to national statistics, 10 percent of the Austrian workforce was covered by occupational pensions in the 1980s, coverage has increased to 30%, but is mainly restricted to the public sector and to privatized, former public enterprises ([3]). The increase in coverage rates was accompanied by an overall reduction of benefit levels and a move from DB to DC schemes (Wöss *et al.* 2016). In Spain occupational pensions schemes were practically non-existent before a 1988 reform, and are still relatively marginal, with less than 10% of the working age population contributing or having contributed to some kind of occupational pension system in 2013. In addition, contribution rates are very low and therefore it is very unlikely that occupational pensions will play an important role for senior citizens in Spain in the foreseeable future (Martínez Poza 2016). Similarly, occupational pensions only played a very marginal role in Italy before 1993. As the 1993 reform did not have the intended effect, i.e. a significant increase in occupational pension coverage, a further reform was legislated in 2005, providing for the automatic transfer of severance pay (TFR) into supplementary pension funds (Jessoula 2011). Nevertheless, enrolment in occupational pensions continued to be low and in 2014 national administrative data estimate that only 14 percent of the workforce was covered (Pavolini *et al.* 2016).

Analyzing prospective replacement rates for public pension schemes (base year 2012) ([4]), we can identify very low levels in the Netherlands, Sweden and the UK on the one hand, and relatively high levels in Austria, Italy and Spain on the other hand. Belgium and Germany have intermediate levels. The total replacement rates are, however, much higher for those countries with significant occupational schemes. Yet, it needs to be highlighted that only the Netherlands and Sweden have encompassing occupational coverage (Table 3).

Table 3: Net Replacement Rate for an Average Worker (base year 2012)

	RR Public Pensions	***RR Voluntary and Mandatory Private Pensions***	***Total RR***
Austria	90.2	0.0	90.2
Belgium	50.1	18.5	68.6
Germany	55.3	21.1	76.4
Italy	78.2	0.0	78.2
Netherlands	33.0	68.2	101.1
Spain	80.1	0.0	80.1
Sweden	33.7	21.5	55.3
United Kingdom	38.0	40.2	78.1

Source: OECD: Pensions at a Glance 2013.

3. Due to definitional differences these percentages differ significantly from the data presented in Table 2.
4. We use 2012 as our base year, as in the OECD data for subsequent years the RR for public pensions and mandatory private pensions were merged into one variable.

To sum-up, the increase in occupational pension coverage in only a limited number of welfare states analyzed in our study, and the continued high replacement rates for public/statutory pension schemes in some countries, is clear evidence that we cannot identify an outright move towards privatization or an increase in occupational pensions across the countries analyzed in this study. As the legislative changes in Belgium and Germany have not made occupational pension enrolment mandatory, it is not very likely that the second pillar in these two countries will ever play as important a role as in the Netherlands.

3. Social Protection Dualism and Dualization

In line with Titmuss' (1958) argument of the divisions of welfare, Seeleib-Kaiser *et al.* (2012) have argued that occupational pension schemes based on the principle of voluntarism can significantly contribute to social protection dualism and outsiderness, as coverage and benefit levels can vary significantly, largely depending on the economic sector. High coverage rates of occupational pensions governed by collective bargaining agreements in the Netherlands and Sweden indicate that private occupational pensions can potentially be functionally equivalent to public or statutory pensions.

In this section we analyze to what extent the trend towards occupational pensions leads to a dualization or segmentation of social protection using individual level data. First, we find that (older) workers with a lower educational level are generally less likely to be covered by an occupational pension scheme in all countries where occupational pensions cover a significant proportion of the workforce ([5]). Nevertheless, the level of segmentation differs significantly between the countries, with relatively small differences in the Netherlands and Sweden, as indicated by the low ratios, and more pronounced differences in Belgium, Germany and the UK ([6]).

5. Unfortunately, we do not have the relevant data for the UK, as the UK does not participate in SHARE.
6. As a robustness check we have also calculated the ratios using EU-LFS survey data, which have produced similar results.

Table 4: Occupational Pension Coverage of Older Workers by Educational Level (2011-2013)

	Maximum Lower Secondary	**Upper Secondary Education**	**Tertiary Education**	**Ratio Tertiary : Upper Sec.**	**Ratio Tertiary : Lower Sec.**
Countries with medium occupational pension coverage					
Belgium	18.9***	25.6***	32.4***	1.3	1.7
Germany	28.1***	32.2***	45.3***	1.4	1.6
UK	48.0***	58.9***	77.6***	1.3	1.6
Countries with high occupational pension coverage					
Netherlands	79.8***	85.2***	91.7***	1.1	1.1
Sweden	88.8**	90.7**	95.3**	1.1	1.1

Differences are significant at *0.05, **0.01, ***0.001; Results obtained through binomial probit regression analysis.

Source: authors' elaboration of pooled SHARE data for 2011-13; for the UK EU-LFS data for 2012.

In addition to these individual differences, women and migrants are less likely to be covered (table 5). In particular in relation to gender the differences are stronger in Germany and Belgium, compared to the other three countries.

Table 5: Occupational Pension Coverage by Gender and Migration Background (2011-2013) (7)

	Gender (private sector)			**Migration background**		
	Male	Female	Ratio Male : Female	No	Yes	Ratio No migr. : Migr.
Countries with medium occupational pension coverage						
Belgium	33.2***	22.3***	1.5	28.3*	21.6*	1.3
Germany	35.4***	26.0***	1.4	37.1**	28.0**	1.3
UK	47.1	44.3	1.1	63.8***	48.5***	1.3
Countries with high occupational pension coverage						
Netherlands	90.5***	84.2***	1.1	86.9**	73.1**	1.2
Sweden	72.4***	84.0***	0.9	93.5***	81.7***	1.1

Differences within the country are significant at *0.05, **0.01, ***0.001; results obtained through binomial probit regression analysis.

Source: authors' elaboration of SHARE data; for the UK ASHE data for 2013 were used for employment by gender and EU-LFS data for 2012 for migration background of workers, because of data limitations.

7. Also in this case we conducted a robustness check with EU-LFS data; the results only differed marginally.

To sum-up: from a socio-demographic perspective, female and migrant workers, as well as those with low educational attainment, tend to be less likely to be covered by occupational pension plans.

Following the Varieties of Capitalism literature, it would seem plausible that skills could play an important role in countries that have developed occupational schemes within a more voluntaristic framework, such as historically Britain and more recently Belgium and Germany. Wiß (2015), following the skill classification developed by Fleckenstein *et al.* (2011), can convincingly show that occupational pension coverage is generally high in sectors predominantly requiring workers with high general skills (such as financial services) and sectors requiring workers with specific skills (such as in manufacturing). Coverage is usually extremely low in sectors requiring low general skills, such as in the hospitality sector ([8]). In both Britain and Germany unions are strong in the public sector, leading to very high coverage (more than 80 percent) in Britain and universal coverage in Germany among public employees. As shown in table 7, the coefficient of variation with regard to sectoral coverage is much lower in the two countries that base their occupational pension scheme on encompassing collective bargaining agreements and have high coverage rates, such as the Netherlands and Sweden, than in the other countries with medium occupational pension coverage ([9]).

Table 6: Occupational Pension Coverage by Economic Sector (2011-2013)

	Total	***Manufacturing***	***Commerce and Hospitality***	***Financial Interme-diation***	***Public Adm and Welfare***	***Coeff Var.***	***Private Sector***	***Public Sector***	***Ratio Public Private***
Countries with medium occupational pension coverage									
Belgium	27.4	42.2	25.4	63.5	18.0	0.485	31.7	13.7	0.4
Germany	36.5	39.0	19.7	60.7	46.2	0.461	29.1	52.6 (1)	1.8
UK	58.1	50.1	22.7	79.5	74.4	0.441	46.0	89.8	1.9
Countries with high occupational pension coverage									
Netherlands	86.0	91.8	83.3	93.8	88.2	0.083	84.5	91.3	1.1
Sweden	92.3	94.6	88.6	95.0	95.2	0.073	91.5	93.6	1.0

(1). The SHARE data does not differentiate between the status of public employees, who have a 100 percent coverage rate, and civil servants (Beamte) who receive a tax-funded pay-as-you-go pension and are not covered by occupational plans; hence the lower overall average for the public sector.

Source: authors' elaboration of SHARE data; for the UK ASHE data for 2013.

8. Although with much lower coverage rates, a similar picture emerges for Italy (Wiß 2015).
9. The analysis on EU-LFS data has confirmed the patterns of differentiation between the two groups of countries in terms of coefficients of variation at the industry level.

Finally, in Belgium and Germany employees with fixed-term contracts are much less likely to be covered by an occupational pension than workers with open-ended contracts (Table 7).

Table 7: Occupational Pension Coverage by Employee Contract (2011-2013)

	Type of contract		
	Open-ended contract	Fixed-term contract	Ratio ([10]) O-E C : F-T C
Countries with medium occupational pension coverage			
Belgium	29.7***	17.0***	1.7
Germany	38.9***	22.6***	1.7
UK	62.8**	55.6**	1.1
Countries with high occupational pension coverage			
Netherlands	87.1	86.4	1.0
Sweden	93.6**	84.7**	1.1

Differences within the country are significant at *0.05, **0.01, ***0.001; [a] Results obtained through binomial probit regression analysis.

Source: authors' elaboration of SHARE data; for the UK EU-LFS data for 2012.

An analysis of data at the individual level clearly shows that countries lacking *mandatory* or quasi-mandatory occupational pension coverage are characterized by a process of social protection dualization. *Ceteris paribus* Belgium, Germany and the UK are very likely to encounter social protection dualism for future pensioners. Although we were also able to identify some level of social protection segmentation in the Netherlands and Sweden, this level of segmentation cannot be characterized as significant from a comparative perspective. In both countries, occupational pension coverage remains comprehensive and to some extent is functionally equivalent to earnings-related public pensions. Nevertheless, we have to be cautious with our conclusions due to limited data availability and reliability.

4. Explaining Policy Change and Outcomes

Financial firms constitute an important factor in understanding the overall trend towards private and occupational pension schemes (Naczyk 2013). However, assuming that these firms had a similar interest in increasing the role of funded pension systems in all countries under scrutiny, the lack of reform in some countries clearly shows that the trend towards financialization may not be sufficient to explain pension reforms across Europe. Although public expenditure on pensions in Austria and Italy is projected to increase to about 15 % of GDP by 2030, as compared to about 8

10. Our robustness check using the EU-LFS data only partially confirms these results: the ratios are practically the same for Sweden and the UK, while they are higher for the Netherlands (1.3) and Germany (1.9) and lower for Belgium (1.3).

% of GDP in the Netherlands, Sweden and the UK, these countries have not embraced an occupational pension trajectory and continue to maintain relatively low levels of assets (2013) in pension funds ([11]).

Moreover, it is clear that trade union strength is associated with high replacement rates and high coverage of *earnings-related* pensions, irrespective of whether these are public or occupational schemes. OP schemes agreed through collective bargaining, such as in Holland and Sweden, as well as a number of schemes recently developed in Belgium and Germany (Naczyk/Seeleib-Kaiser 2015), are based on the notion of 'industrial citizenship' and definitely should be categorized as belonging to the public domain. Strong trade unions seem to constitute a necessary condition for adequate pensions. The power resources theory (Korpi 1983) continues to be important in explaining differences in pension schemes.

Crowding out through a comprehensive Bismarckian pension system with high replacement rates has been the main explanation for the *historically* low significance of OPs in Austria, Belgium, Germany, Italy and Spain and continues to be the case in Austria, Italy and Spain. In other words, only Belgium and Germany seem to have undergone paradigmatic reforms since the 1990s, leading to a significantly increasing importance of OPs.

The main driver of the German pension reform was the perceived need to control the level of social security contributions, which had significantly increased in the wake of unification (Seeleib-Kaiser 2001; 2016). Once unions had realized that they could not stop the future reduction in benefits and partial privatization, they pro-actively engaged and developed new occupational pension plans (Naczyk/Seeleib-Kaiser 2015). Similarly, organized labour in Belgium had been unable to stop the slow transformation of the public scheme towards an increasingly basic benefit system, which failed to maintain the living standard for the middle classes. Following on from trade union demands for more encompassing occupational pensions, the 2003 Vandenbrouke legislative reform encouraged social partners to develop occupational schemes, along the lines of Dutch industry-level pension funds, through collective bargaining (Naczyk 2013: 451f). Countries lacking strong and encompassing unions will be more likely to rely on a voluntaristic approach to occupational pensions (Fleckenstein *et al.* 2011; Wiß 2015). Although a conservative/right-wing government in Austria pushed for a weakening of the public pension scheme in 2003/04, it did not succeed, due to the strong opposition of organized labour (Wöss *et al.* 2016).

11. Assets in pension funds: Austria (5.7 % of GDP), Italy (6% of GDP) and Spain (8.8% of GDP), compared to the Netherlands (148.7 % of GDP) and Britain (99.6 % of GDP) (OECD 2015: 183; 191).

Conclusion

On the basis of the conceptualization of the public domain presented in the introduction, the data, especially on the Netherlands, confirms that increased private or occupational pension provision does not necessarily constitute a trend towards privatization and social protection dualism. Especially in Holland, the very low poverty rates among the elderly are clear evidence of the effectiveness of the basic state pension and the collectively bargained OPs in providing an adequate income in old age (Eurostat online data code: ilc_peps01)). Sweden too provides a fairly encompassing and inclusive two-pillar arrangement for pensioners. Not only do both countries have strong basic pension systems rooted in the concept of social citizenship, but they can also rely on strong industrial citizenship as a consequence of their encompassing collective bargaining arrangements. In both countries the occupational pension systems are part of the larger public domain.

The polar opposite among the Beveridgean countries continues to be Britain, which is confronted with strong social protection dualism and entrenched social divides, creating 'social policy enclaves'. Basically only pensioners with a generous private or occupational pension can potentially expect an adequate old-age pension. Although there have been numerous changes in the regulatory framework, most importantly the staged introduction of auto-enrolment into occupational pensions, the low statutory minimum contribution rates are very likely to maintain a dualised world of pensions: The more privileged will be able to access more generous occupational pensions and the less privileged will only be entitled to rather meagre occupational pensions (Seeleib-Kaiser 2014). *Ceteris paribus,* divisions of welfare (Titmuss 1958) are very likely to be a feature of the German pension system in the future, due to the lack of auto-enrolment into occupational pensions and the concomitant development of 'social policy enclaves' in certain industry sectors. Whether Belgium will follow a trajectory towards social protection dualism or a more encompassing path is not yet fully clear.

The pension systems in Austria, Italy and Spain have not witnessed paradigmatic changes and continue to be primarily based on public/statutory pension schemes. With regard to providing an adequate pension, it seems that they perform quite differently, with especially high poverty rates among Italian pensioners; moreover, these differences demonstrate that expensive public systems do not necessarily avoid segmentation and provide adequate pensions, leading to low levels of poverty among pensioners.

Finally, *social* policy can be provided by 'public' and/or 'private' actors without necessarily violating the boundaries of the 'public domain'. Prime examples of 'private' provision within the public domain are the earnings-related occupational pension systems in the Netherlands and Sweden, which are neither provided by the state nor through purely profit-oriented enterprises, but are governed by complex corporatist arrangements (Whiteside 2006) and embedded in the concept of 'industrial citizenship' (Marshall 1950). To conclude: This analysis has shown that, under specific conditions, pension systems with an important role for occupational pensions can be functionally equivalent to public pension schemes.

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