

The Politics of Pensions in Ireland

Presentation to the Pensions Council

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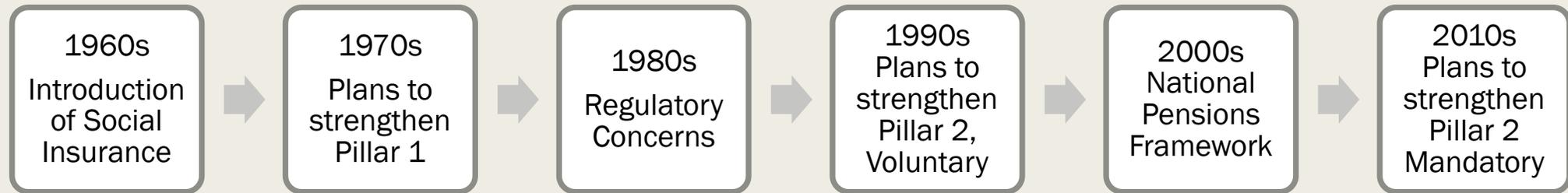
Central Research Question

This research sought to understand the power relations inherent in the structures of pension policy making in Ireland.

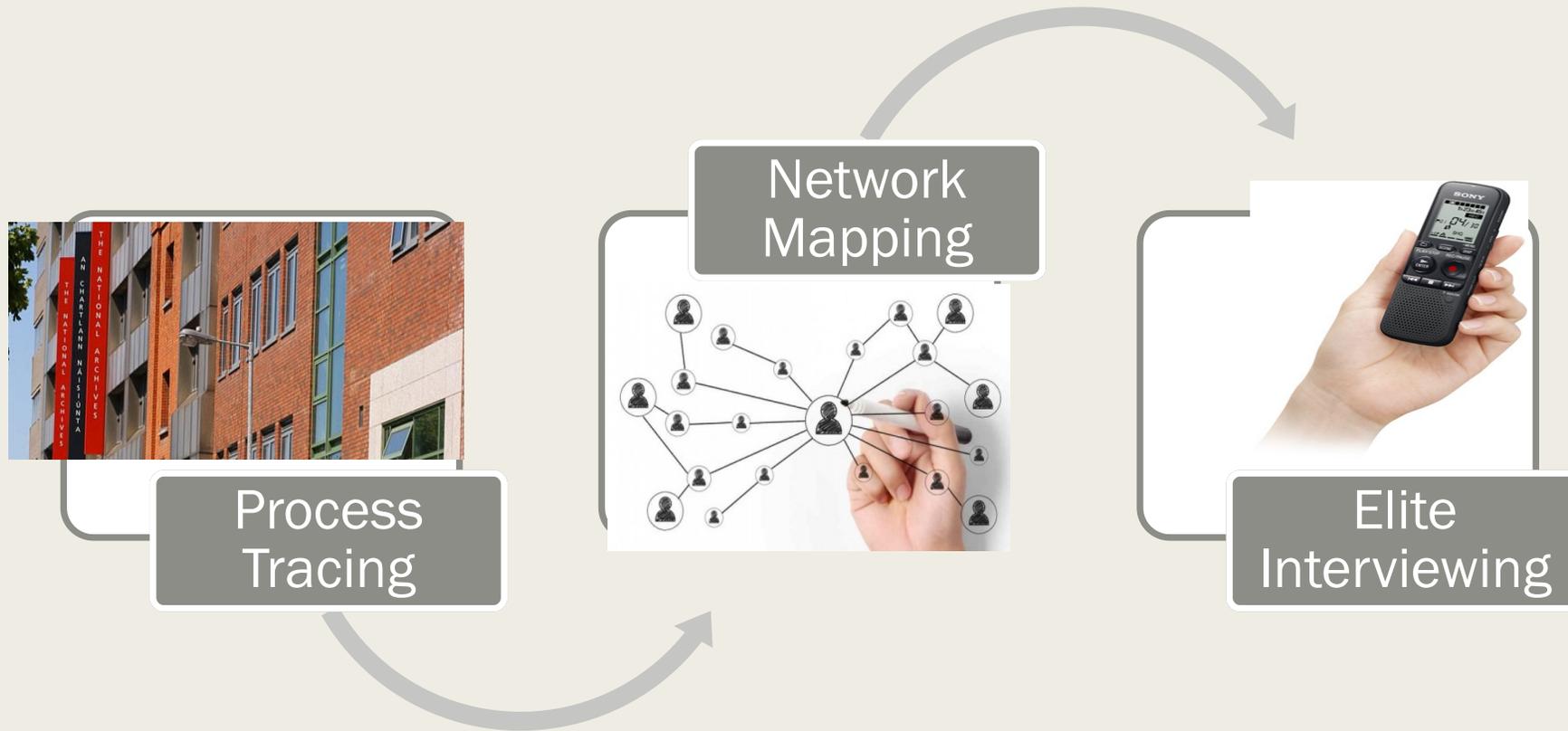
Hypothesis

A knowledge elite operate within the Irish pension system with privileged influence over policy.

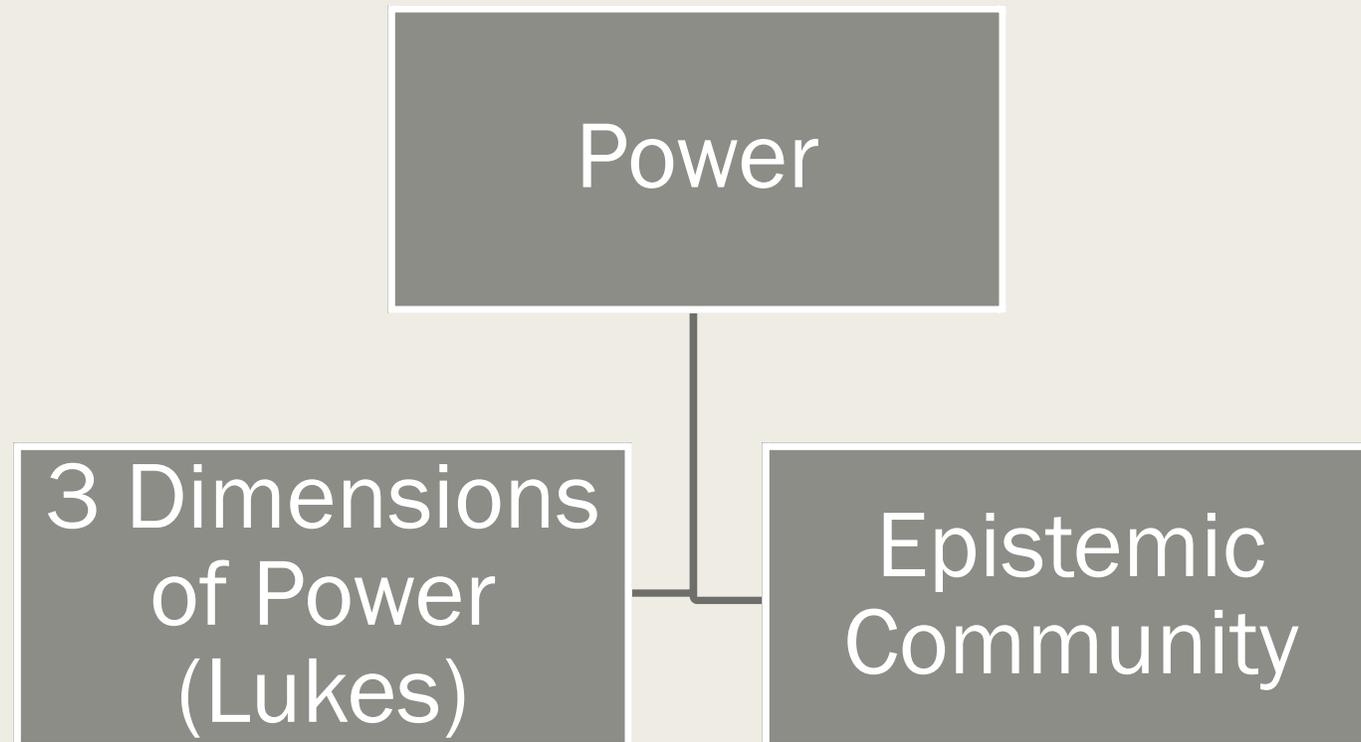
Historical Perspective



Method



Analysing the Data



A little bit of theory...

Lukes' Three Dimensions of Power	Epistemic Community (Haas 1992)
1. Achieve a desired result even if opposed	A network of professionals with recognised expertise
2. Control the agenda to prevent decisions being taken on potential issues (decide what gets to be decided)	An authoritative claim to policy-relevant knowledge
3. The capacity to frame decisions cognitively to shape people's beliefs, so they can see no alternative (manipulating perceptions and preferences). Least visible form of power. Can be exercised both unintentionally and passively when mediated through social structures	Shared beliefs and a common policy enterprise Powerful when there is a demand for information or uncertainty Retain power by defining the problem, framing how data and ideas are interpreted, and guiding decision-makers in the choice of solutions

Findings: An network of professionals formed an epistemic community

Gain

1970s/1980s

Formed to challenge policy trajectory

Retain

1990s/2000s

Institutionalised their influence

Decline (?)

2000s/2010s

Yet policy enterprise persists

Gaining Power (1970s/1980s)

- 1976 Green Paper on a National Income Related Pension Scheme
- Department held meetings with ICTU, FUE and 4 organisations it saw as representing the industry (IAPF, Society of Actuaries, LOA, CIB)
- Internal minutes highlight the Department's acknowledgement of the industry's knowledge and access to that knowledge "is of positive benefit to the Department" (DSW 1978)
- "The Department had absolutely no expertise in this area" (Interview with former senior civil servant)

Gaining Power (1970s/1980s)

- What knowledge holders were saying

- *It is an established principle that the state provides a basic and uniform level of benefits ...supplemented wherever possible by occupational schemes to provide more substantial earnings-related benefits” (IAPF 1976)*
- *It is not realistic to anticipate that the state can take over the role of occupational pensions – even if it were desirable – there is no alternative to encouraging the future development of such arrangements...” (IAPF 1976)*
- *No option but to continue the present arrangement of operating both state and occupational pensions (DSW minutes of their meeting with Society of Actuaries 5th May 1978)*
- *The state’s objectives can best be achieved by a long term **partnership** between the state and the private sector (IAPF 1975)*
- *Leaving the earnings related component to occupational pensions will “create a **pensions elite**” (DSW 1981)*

Gaining Power (1970s/1980s)

- Crisis ultimately advanced the epistemic community's rise to prominence
- Debate about the correct balance between the pillars side-lined by a pressing need for regulation of private pensions following high profile company closures
- “The IAPF pushed very strongly for a Pensions Board and that led to the creation of the National Pensions Board” (Interview with epistemic community member from the pensions industry)
- Establishment of a National Pensions Board 1985
- 1st report recommended a statutory pensions board with members “representative of all parties with a major interest in pension schemes” (NPB 1987:85), plus a statutory advisory role to the Minister for Social Welfare on pension issues (ibid:86)

Retaining Power (1990s/2000s)

- Drafting the 1990 Pensions Act (Interviews with epistemic community member from the pensions industry)
 - *I was heavily involved in drafting the 1990 Pensions Act*
 - *We actually drafted the Act, so its clear that the industry had a huge input into legislation at the time*
- Drafting the 1990 Pensions Act (Interview with senior civil servant)
 - *An awful fear that we would publish a bill and all the experts (named) would come along and say it's rubbish and embarrass everyone. So I suggested to (names Assistant Secretary) maybe we could ask the experts on board to look at this...Anyway they did a fantastic job.*
 - *We kind of sleepwalked into it. We got them to set up the Pensions Board. Gave them responsibility for it*

Retaining Power (1990s/2000s)

- 1988 NBP Report on Tax Treatment of Occupational Pensions
 - *The question of whether this is the most effective or the most equitable basis for the provision of income-related pensions in a national context is one which the Board will be addressing in a future report (NPB 1988)*
- Recommendation to maintain the present reliefs on employer and employee contributions
 - This became a convention and was used to remove from the agenda any need for further evaluation of tax support for the pension system
- NPPI Consultation Document 1997
 - Quoted the NPB taxation report recommendation in full, implying full analysis of tax subsidy completed
- NPPI Report Securing Retirement Income 1998
 - *Since the tax treatment of occupational schemes has been examined and reported on by the NPB in the relatively recent past, the Board has not examined in detail the issue or the conclusions of that report within the context of the Initiative (p.122)*

“I think the NPPI time was the most interesting time. The mid 1990s. [...] That was the height of influence because if you actually look at the IAPF’s submission, and you look at the NPPI output there was incredible overlap. Everything they looked for pretty much happened.” (Interview epistemic community member from the pensions industry)

Decline? (2000s/2010s)

- Evidence of a declining epistemic community
- National Pensions Review (2005) and the Green Paper on Pensions (2007) both questioned whether tax subsidies provided value for money and drew attention to the inequities in the current distribution
- Breakdown in trust in the epistemic community's advice
 - *Cabinet Committee on Pensions*
 - *"I certainly didn't have confidence in some of the solutions they were putting forward...why would you trust the advice of somebody who actually had the worst possible losses"* (Interview senior civil servant)
- Dissolution of the Pensions Board
- Dissolution of the epistemic community into advocacy coalitions

Decline? (2000s/2010s)

- Decline of the epistemic community ... yet continuing stability of their policy enterprise. Why?
- Socially recognised authoritative claim to knowledge about pensions placed them at a higher status intellectually and allowed the community to shape the cognitive frame and meaning systems of those they sought to influence.
- Their power became institutionally embedded and codified in the 1990 Pensions Act
- Epistemic community's ideas served as the cognitive filter for all debate and decisions about the system, the script through which others interpreted the system's problems and solutions
- Recommendations are consistent with the institutionally embedded idea of the correct way to proceed
- Capture of advice normalised their policy enterprise as the only logical and viable solution

Gender

- Gender inequities in the system not prominently identified as problematic until the National Pensions Review (2005) onwards
- What level of gender awareness exists?
- I closed all interviews with the same question designed to draw out participants' internalised and socialised norms in relation to gender and ascertain whether participants had ever cognitively engaged with the pension system from a gender perspective.
- Question: What their ideal pension system might look like were they afforded the opportunity to start from scratch

Gender

- Epistemic community understanding of gender equality was framed within a legal definition of discrimination
- Consequently they saw gender inequality as being dealt with through equality legislation such as the implementation of an EU directive giving equal access to occupational pensions
- *Gender simply doesn't come up*
- *Thinking about gender, there's a whiff about it if you go exclusively with gender. (Said in the context of homemaking being a female lifestyle choice).*
- Women in Pensions Initiative referred to “*but it never boiled to the top, I think there was just too much other stuff going on, probably*”.
- IAPF participants confirmed their organisation never consider gender as an analytical category when making proposals “I don't think we have ever done anything specific on gender. Not for any obvious reason...”

Conclusion

- Case study in the field of pensions from the perspective of power
- A knowledge elite formed an epistemic community in the 1970s to challenge a policy plan to strengthen the role of the state in the pension system
- Their policy enterprise prevails today
- The debate in Ireland focuses largely on the cost of the state pension and coverage of private pensions
- Less attention given to the sustainability and distribution of the tax subsidy for private pensions, and to gender inequality
- Persisting for decades with a system with proven fault lines and continuing to reform the system within the same parameters can be explained by the world view of the epistemic community being cognitively locked into place.
- Embedded in policy consideration to the extent that a decline in power or delegitimisation of those who originally proposed it is immaterial
- The singer may be gone, but the song remains the same