

## **Civil Servants as Advisor for Welfare State Reform**

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### **Abstract**

This paper has two specific aims. First, it seeks to demonstrate that senior civil servants still play an important role in reforming the welfare state. Second, this paper challenges the notions that politicians, and more particularly Ministers, are simply conveying messages or simplified policy analysis to the electorates. Ironically, the literature on the role of ideas grants a significant role to policy experts (as opposed to the literature on welfare retrenchment), leaving politicians the role to sale them onto the public arena. By analysing the relationship between Ministers, their cabinet, and other senior civil servants, this paper claims that politicians do engage in debate and actually participate with experts in devising policies and vice versa. Nonetheless, this is dependent on the way Ministers employ the expertise from the civil service. The analysis rests on a comparative analysis of Belgium, France, Norway, Quebec<sup>1</sup>, Sweden, and the UK.

## **Introduction**

Recent contributions to the literature have granted significant role to political elites in adopting unpopular welfare reform. As a result of slower economic growth, the ageing of the population and growth to limits damaging work incentives (Pierson, 1998), political elites are now seeking to retrench as opposed to expand the welfare state. Such undertaking is very unpopular, with an electorate more favourable to punishing politicians than giving them credit (Weaver, 1986), resulting in strategies to avoid blame to maintain one's own popularity (Pierson, 1996). Thus, we are now faced with the "new" politics of the welfare state (Pierson, 1996).

The constructivist literature has also engaged into this debate by demonstrating convincingly that the way in which social rights are constructed matters greatly in numerous dimensions. First, it has challenged the main proposition that the welfare state has not been transformed radically since its universal ambitions have vanished from most discourse on the subject (Cox, 1998). Second, this literature has also focused on how to reform the welfare state. For example, Cox (2001) has shown how Danish and Dutch political elites have utilised national symbols to frame successfully welfare reform with a logic of continuity while German elites using a « provocative language » have been forced to abandoned similar agendas. Ross (2000a), utilising the Nixon goes to China strategy, has argued that citizens are more likely to thrust left wing governments with welfare reforms because their political capital has been built around the notion of expanding the welfare state while right wing governments have been associated with attempts to reduce its scope even though the reality is far more complex (see for example Baldwin, 1990).

The analysis of these two different approaches raises two interesting puzzles. First, what is the role of civil servants in an era of welfare retrenchment? The literature on the expansion of the welfare state is filled with evidence demonstrating that civil servants played a key role within specific settings (Heclo, 1974; Skocpol and Amenta, 1986; Rothstein, 1996) while current public administration literature has "brought back" the complementarity of politics and administration (Svara, 2001). These trends are at odds with the "new" politics of the welfare state where "there is little reason to expect that bureaucratic capacities will be particularly important in an age of retrenchment" (Pierson, 1996: 153).

Bureaucrats are also absent from social constructivist debates even though some seminal articles, such as Campbell's (1998), attach a strong importance to civil servants in ensuring that

the realities is simplified in line with the cognitive abilities of decision-makers. They create programs, or policy prescriptions, making it possible for politicians to seek a specific and clear course of action. As stressed by Page (2003), the danger for democracy is not a bureaucracy forcing proposals upon Ministers, but the lack of understanding on what the Minister endorses. This lack of attention to the role of the civil service is partly due to their emphasis on challenging contributions from the power resources theory and the "new" politics where bureaucrats do not play a strong role. For example, Ross (2000a) claims that it was a change of political leadership within the Labour Party that caused it to alter its approach to the welfare state once in power. Cox's (2001) focuses on political leadership as well. However, the scope of the changes performed in Denmark and the Netherlands could surely have not been implemented without a strong participation from the civil service. Further, it was a parliamentary commission, which tend to exhaust substantial administrative resources and input, that was key in restructuring the welfare debate in Denmark by tying its recommendations to the Constitution (479). This prompts a second question, if the role of politicians is to convey a new "framing" message, what is the origin of this message? In other words, do civil servants and experts play a role in both providing policy proposals and framing them? Building on earlier work stressing the importance of bureaucrats using theoretical tools from the 'new' politics of the welfare state (Marier, 2005), the paper focuses on the importance of the relationship between Ministers and senior civil servants in putting forth policy proposals.

In order to answer these two puzzles, this paper is divided into three broad sections. First, a brief summary of the pension reforms undertaken in Belgium, France, Norway, Quebec/Canada, Sweden and the UK is introduced. Second, a theoretical model underlining the relationship between policy experts (including both civil servants and external agents) and politicians is built. Following each element, a comparative analysis of their applicability is presented in the six countries under study. Finally, the conclusion seeks to underline reform patterns across the six cases in light of the elements analysed.

### **Pension Reform in Belgium, France, Norway, Quebec/Canada, Sweden, and the UK**

Due mainly to slower than expected economic growth (with its numerous consequences on income and participation in the labour market) and population ageing, pension reform has feature highly on most political agenda in industrialised countries. The six countries studied in

this paper are no exception. Three countries (Belgium, France and Quebec/Canada) introduced parametric reforms, opting to alter slightly some of the existing rules without changing the basic functioning of their pension system. Programmatic reforms were introduced in Norway, Sweden and the UK where new pension programs were introduced albeit a long transition period. As stressed by Hinrichs and Kangas (2003), incremental changes within existing parameters can eventually lead to system shifts, outcomes mostly associated with programmatic reforms, but the main use for the differentiation of reforms lies in the political strategy entailed and not the substance and nature of benefits citizens receive as a result. Programmatic reforms require far more political and administrative investments, as demonstrated by the 10 years of efforts to achieve a broad political compromise, the numerous legislative documents it required, and the creation of a new administrative office to manage contribution to individual savings accounts (PPM). This is in stark contrast to the French reform of 1993 where three lines were changed in the old legislation.

#### *Parametric Reformers*

Following pressures from the European Union, and more specifically the European Court of Justice, to comply with the directive on the equal treatment of men and women, the Belgian government introduced a pension reform in 1996 increasing the retirement age for women to have a universal retirement age of 65 for private sector workers. This measure, amid stark opposition from virtually all women's groups because women were already receiving far less than men in retirement, was adopted with the longest transition period allowed by the court ruling (it will be completed in 2009). Successive coalition governments attempted for four years to present a more comprehensive reform of its pension system but never succeeded to gather sufficient support within the coalitions and with the social partners. A re-indexation of the contribution rate for the period 1955-74 was legislated alongside this reform. Its impact is, however, fairly limited since it will result in an average reduction of 1.3% (see Marier, 2002). As a result of its fragmented nature, civil servants have their own public pension schemes where benefits are far more generous (on average 2.5 times higher). Despite numerous attempts to alter these schemes, no public proposal was ever table. To cope with future rise in pension expenditure, the government created a "Silver Fund" in 2001 by investing in government bonds. Thus, this has the same effect as paying the debt.

France succeeded where Belgium failed by introducing two key reforms in 1993 and 2003 even though a major attempt failed in 1995. First, Balladur reformed the public pension system for private sector workers by increasing the length of contribution required to have a full pension (37.5 year to 40), increasing the number of years considered to calculate one's pension (best 25 instead of best 10), and indexed benefits to price rather than wages. The last measure being the most important in terms of long term cost reduction (it also has the perverse effect of reducing one's pension relative to wage earner as a retiree grow older). A retirement fund was also created to ensure additional resources to cope with the expected rise in pension expenditure. Second, the Raffarin government presented a more substantial reform in 2003 affecting mostly public sector workers. Their coefficient to calculate pension was reduced and the period of contribution required was equalised with private sector workers progressively to reach 40 in 2009. The contribution period for both public and private sector workers were also to raise to 41 by 2012. The contribution rate for private sector workers were increased by 0.2%. Further, the minimum pension was raised alongside minimum contributions to finance this measure. Lastly, penalties were introduced for early retirement and bonuses for those retiring after having contributed more than the necessary number of years for a full pension.

Based on a draft presented in February, Ottawa reached an agreement with eight of the ten provinces in 1997 and the Québec government agreed to reform its system along similar lines. Benefits were untouched by the new reforms, even though their costs for individual contributors increased. Contribution rates have been gradually increased over time by 70% to reach 9.9% in 2003. Despite the magnitude of the raise, the government was able to sell this measure by claiming that rates would go up by a far greater amount without proper action. Further, by scheduling the first raise in 1998, the government ensured that citizens would feel the effect of the reform after the election. The new bill instituted the CPP Investment board, an independent agency, to invest excess contributions into the stock market. The lower floor, under which contributions are not taken, would no longer be adjusted to inflation. A tri-annual meeting between the provinces and Ottawa was institutionalized to make necessary adjustments to the CPP according to evaluations made in actuarial reports.

*Programmatic reformers*

As a result of too many reform initiatives, the UK has recently received the dubious mention of having “the most complex pension system in the world” (Turner, 2004: 210) with more than 100 parameters involved in the calculation of one’s pensions (PPI, 2006: 1). What follows is a brief summary of the key initiatives in the last 20 years. In 1986, the British conservative government of Thatcher introduced an extensive reform of the state contributory pension plan (SERPS). The Social Security Act decrease the replacement rate value to 20% (from 25%) while considering lifetime earning instead of the best 20 years. SERPS benefits had already been reduced by indexing them on prices in 1980. Further, special incentives were introduced to encourage individuals to seek personal pensions by granting generous options to contract out. Numerous pension scandals prompted Labour to present an overall reform of the system in 1999. It announced the creation of a new flat rate state pension (S2P) for low wage earners to replace the ailing SERPS for those unable to find an occupational pension and a decent personal pension. A means tested benefit, the minimum income guarantee (MIG), later replaced by the Pensions Credit in 2003, was also legislated. The impact of these reforms have not resolved key issues within the British system. Few individuals have opted to join the S2P and an increasing number of individuals are relying on the Pensions Credit due to lack of savings. With reports indicating that the situation is worsening with close to 80% of individuals likely to need the Pensions Credit in the future, a new reform is currently underway.

Sweden replaced its entire pension system in 1998. The previous system included a guaranteed pension floor, which was complemented by a contributory scheme (ATP) granting full pension benefits after 30 years of contribution on the basis of the best 15 years. The new system is based on the ‘life income principle’ where every krona contributed generates benefits. Compensatory measures were adopted for years devoted to child care, military services, and (albeit far less generous) studies. A new indexation mechanism based on economic growth, population and prices was also put in place. The guarantee pension was replaced by a means tested pension for those without sufficient contributions. Finally, 2.5% of the 18% contributions are placed in individual accounts to be invested in the private sector. Inspired by the Swedish reform, the Norwegian government is set to adopt a very similar reform in 2006.

## **Civil Servants and Policy Change**

Despite the importance attached to bureaucrats and their role in expanding the welfare state (Heclo, 1974; Rothstein, 1996), they have disappeared as key policy-actors in analyses of retrenchment. This is highly surprising considering the expertise that they possess and their role in implementing policies. Recent accounts, particularly in the field of economic policy, have stressed their importance particularly in promoting and implementing policy change. For example, Quaglia (2005) stresses the importance of ideas reaching high civil servants as the causes behind transformation of the Italian economic policies. She stresses the "intangible assets" that civil servants possess such as information, technical knowledge and organisational culture, as well as being member of important international networks, make them important players in promoting and implementing change. Dahlström (2006) underlines that the role of public officials was not only substantial in providing a tangible set of solutions to the Swedish economic crisis of the early 1990s, but also in avoiding political conflicts in this difficult time.

If one begins with the premises that civil servants influence policy change and can even have a leadership within this process, then what elements are conducive to this influence within the context of welfare retrenchment? Pension policy was chosen due to the limited costs associated with its reform. Contrary to health or education policy where individuals play a key role in implementing policy decisions, pension policies require limited resources in terms of service delivery. This provide pension policy makers more liberty in terms of enforcing their preferences (even though they are more constrained on the other hand by the costs of pre-existing policies). Thus, if civil servants can have a strong influence in this policy area, we can suggest that their role will be enhanced in service areas. This sections discusses four essential parameters: ministerial responsibility, prime minister's involvement, the locus of public expertise and the integration of external actors, and the relationship between ministers and their public officials.

### *Ministerial Responsibility and the Importance of the Ministry of Finance*

As stressed recently by Egeberg (1999), the impact of the bureaucratic structure matters greatly. It affects information exchanges and information, represents goals and values that it to be pursued, and even affects the cognitive capacity of policy makers by forcing attention on specific policy problems and solutions. For example, the author stresses that successful environmental policies occurred in countries where a ministry was devoted to this area. As a result, the

assignment of responsibility should be important when it comes to developing and reforming social policy. As a rule of thumb, an independent social affairs department is more likely to generate expansive and comprehensive social policies than the ones where financial departments are actively involved. While the former is concerned with resolving social issues, the latter is concerned with public finances and the impact of social policies on the economy in general. On one hand, the predominance granted to specific social affairs department by successive Swedish social democratic government was conducive to the creation generous and universal social programs (Rothstein, 1996). On the other hand, the literature is filled with evidence suggesting that a strong involvement of financial departments is detrimental to the expansion of social rights (see for example, Hecló, 1974; Ashford, 1986). Bonoli (2000) even claims that the British Treasury possesses a veto in British social policy making (84). Thus, if a government is serious about reducing the size of the state and retrenching the welfare state, involving strongly the financial department(s) would be a good place to start.

Who is responsible for what, however, is not something that is decided unilaterally by the government. Pre-existing structures condition the involvement of each departments. Even though the role of financial departments has increased in most industrialised countries, social affairs departments are not bystanders and the formal responsibility for pensions lies with most of them (6 out of 6 in this sample). Nonetheless, one must seek to comprehend current practices as opposed to official division of power to evaluate the extent in which a department is involved. In the case of the six cases under review, the Treasury (UK) and the Ministry of Finance (Quebec) have a strong day to day role within this field. In the UK, the Department of Work and Pensions is clearly in the shadow of the Treasury, and even more so since the election of Tony Blair with Gordon Brown successfully expanding the size of its political staff leading to the creation of a welfare expertise that goes beyond costs analysis (Wilson and Barker, 2003). In the case of Quebec, it is the Ministry of Finance that negotiates modifications to be made in line with the Canadian Pension System. With the remaining four cases, the Ministries of Finance plays a particularly strong role in France whose presence is strong in all field of social policies making it the most powerful in Europe (von Hagen, 1992). Its presence in pensions is, however, due to the predominant role played by Matignon (see below). When it comes to Belgium, Norway, and Sweden most enforcement mechanisms are operated via the negotiation of fiscal pacts due to the nature of coalition governments. With the argument that pensions are strongly related to the long



term viability of public finances, Finance departments were quite active in both Norway and Sweden during the reform process, but they did not have powers similar to those of the UK Treasury. Nonetheless, it is worthwhile stressing that a pluri-ministerial committee was set up in Norway to deal with pension reform, which included the Ministry of Finance. This is contrary to Sweden, where it became involved later on in the process.

### *Role of the Prime Minister/ Executive*

The role of the Prime Minister has a strong impact on policy in numerous ways, especially when one considers the mounting amount of evidence alluding to the increasing size of political staff associated with this position (Wilson and Barker, 2003; Savoie, 1999). First, the PM sets the agenda of the government during a mandate. The PM can alter the legislative agenda by focusing on priorities deemed important by his/her office. A Bill linked to the PM office receives immediate attention on the part of the civil service and can lead to its rapid adoption (see for example, Page, 2003). Second, the role of the Prime Minister matters greatly if a Minister seeks to carry a controversial agenda or one that may run counter to the one prevailing within the civil service. In an enlightening comparative analysis of the relationship between ministers and civil servants, the latter were able to stop most initiatives from the former in the case of Tony Benn because he did not have the support of his Prime Minister whereas Michael Howard succeeded in breaking with some traditions, such as receiving advice from the outside, because of the strong endorsement provided by Margaret Thatcher. In the latter case, civil servants either continued to be loyal to Howard or simply resigned (Richards and Smith, 2004).

This dynamic is starkly different with minority and/or coalition governments since party leaders usually exercise this function collectively, as it is the case in Belgium with the composition of the Kern Cabinet. In Scandinavia, parliamentary committees play a crucial role in seeking the appropriate consensus to carry a majority in the legislature (Arter, 1990). Thus, these countries have not experienced a centralisation of the PM office in ways similar to Canada and the UK. Once a consensus is achieved, however, the civil service is expected to ensure that proposals are implemented as swiftly as possible. Thus, an interventionist Prime Minister or an explicit commitment to reform from a coalition government should increase the chances to have the support of the civil service in carrying on pension reform proposals or, at the very least, to ensure that it remains in the sidelines.

The role of the Prime Minister has been quite varied within the six cases. The most intervening Prime Minister has been the French PM, where all pension matters have been centralised since the late 1980s due to the political implication of reforming the pension system. Beginning with Rocard's statement that "pensions reform could cause the fall of a government" and his influential 'Livre Blanc', which served as the basis for the Balladur reform in 1993, to the most recent reform in 2003, via the unilateral decision of Juppé to reform pensions in late 1995 catching everyone by surprise (even people within his own government) and resulting in the biggest opposition movement since 1968, the office of the Prime Minister has been central to the process of pension reform. The initiatives to reform the pension system have all come from Matignon and senior civil servants have not been involved in drafting proposals because of the size and expertise of the Cabinet. The Canadian and Quebecois PM have supported pension reform initiatives, but have not intervened directly in the process delegating responsibilities to the Minister of Finance and the Minister of Social Affairs.

Governmental support was obtained for reform initiatives in Belgium, Norway and Sweden. However, numerous proposals were received coldly in Belgium prompting their removal and delimiting starkly the scope of possible options. In the case of Sweden, substantial powers were granted to a parliamentary committee with the role of the executive being limited to appointing key members of their respective political party. Party leaders were informed of negotiations and proposals being brought forward, but did not play a key role within them. Nonetheless, they were key in ensuring the acceptance of the final compromise in Parliament. With regards to Norway, a parliamentary commission on pensions (NOU 2004:1) played a substantial role in creating a broad political consensus similar to the one found in Sweden. It resulted in a five party agreement on the basic principles of a pension reform (which expanded to six after the 2005 elections) in May 2005. The office of the Prime Minister has played a key role in ensuring the implementation of the agreement, and further negotiations are expected following the presentation of a new governmental white paper in the summer of 2006.

The UK represents a very interesting case. The Blair era has led to a substantial increase in the number of political appointees within the PM office and the Treasury. Gordon Brown has played a leading role in pension with his staff doing far more than simply managing and predicting costs, which has also been the case for other social policies such as welfare reform (Wilson and Barker, 2003: 367). However, its opposition to pension reform proposals involving

higher state expenditure, a position clearly expressed recently by the publication of the reports from the Pensions Commission, despite a broad consensus among experts, unions, and even employers has led to an increasing role on the part of the Prime Minister. Blair has expressed (albeit not in public) support for the basic structure proposed by the Pensions Commission and the affectation of more officials on Downing Street to work on pensions suggests a stronger involvement on Tony Blair's part. A recent agreement between Brown and Blair plans to index the basic pension in line with wages (as opposed to prices) starting in 2010, which will be financed partly by the savings resulting from an increased in the retirement age of women. It is interesting to point out that both offices have shied away from Whitehall to seek a solution.

#### *Locus of Public Expertise and Public Acceptance of the Civil Service Expertise*

The way expertise is organised matters greatly when it comes to assessing the influence of civil servants. On one hand, if it is centralised within a single agency, it is likely to have considerable power as a result of this monopoly since it controls information with its interpretation of the facts likely to dominate. Moreover, it will be a difficult actor to avoid if politicians have opposing views as to how pensions should be reformed (or if they should be reformed at all). However, it is likely that this specialised unit will have an excellent of the policy sector it is affiliated with, but will likely oppose drastic changes diminishing its powers. On the other hand, if the expertise is fragmented, it will be very difficult for a single bureaucratic actor to carry its perception of the truth since it will be competing against other agencies (and/or departments) and politicians can adopt a strategy of divide and conquer to encourage and strengthen their own position on the subject. Politicians could even dismiss entirely the opinion and views of one agency since alternatives exist. Further, it might be difficult to have a comprehensive understanding and expertise of the policy area with bits and pieces not being connected.

As underlined by social constructivists, the messenger and the discourse associated with reform proposals matters greatly when it comes to presenting welfare reform (Ross, 2000a). Thus, beyond their actual expertise, the way an agency is perceived matters as well. For example, policy papers prepared by financial minded departments are far more likely to receive a cold reception from social minded actors (and vice versa). This would be particularly true in the field of pension policy since it is considered to be primarily the responsibility of social affairs

ministries. In a country with a centralised organisation devoted to pensions, how this organisation is perceived (by politicians and citizens) will matter greatly since it can alleviate (or accentuate) the reform agenda of governments. If the agency has a history of having provided excellent services and benefits to previous ministers, it is likely to capture the attention of politicians and have an easier time to convince them of the value of their advice (the opposite applies as well). The same could be said with regards to the relationship of this agency vis-à-vis citizens. Countries with a decentralised organisation of expertise might have a difficult time claiming credibility within this area since they would undoubtedly be associated with other areas of policy, which is the case for the finance ministry or central bank.

The six cases under review support strongly these propositions. Countries with a centralised organisation for public pensions tend to have a near monopoly in terms of information and facts (Canada/Quebec – CPP/RRQ, Norway – Trygdeeten, and Sweden - RFV). Thus, their views on pension reform have been predominant in policy discussions with the exception of Norway, which adopted a modified version of the Swedish pension reform on the basis of a parliamentary commission on pension including a close collaboration among various departments (government and administration, finance, and labour and social exclusion)<sup>ii</sup>. Both CPP/RRQ and RFV led the way to policy change by presenting actuarial report stressing the need to modified existing pension schemes due to slower economic growth and population ageing. Both proposed avenues for discussions, RFV going as far as performing analyses based on numerous scenarios being discussed among various policy actors in the field and having his DG, Scherman, engaged in public debates in the radio on the need to reform the pension system. One communality is that their proposal sought to maintain the pension system virtually unchanged. In the case of CPP/RRQ the solutions initially proposed included reducing slightly the generosity of benefits, increasing the age of retirement, and raise contribution rates. However, it was clear from the beginning that it could not play too much of an advocacy role due to the nature of the program, which requires negotiations among Finance Ministers. Indicative of what the RRQ can do independent of the CPP has been demonstrated recently in its efforts to reform Quebec's system by putting forth (with the approbation of the Ministry of Social Affairs) a new proposal for consultation to alter the pension system to tackle long term deficits occasioned by Quebec's older population and weaker economic growth. It seeks to strengthen the link between contributions and benefits while augmenting the financial rewards for those opting to postpone retirement. For

RFV, the first proposal sought to alter the rule 15/30 in favour of a 20/40 rule with a slight change in the indexation combined with an increase in the retirement age, a proposal that has strong support within the Social Affairs Ministry. The 1991 election led to a new right wing coalition government and the creation of a working group on Pensions. The old proposal was quickly dismissed in favour of more extensive changes. Nonetheless, RFV had an expert commissioned to the working group and this office provided an expertise accepted by all parties involved. Thus, there were no battles on the need to reform pensions, but rather on the ways to resolve it.

It is interesting to stress the value of having these key analyses performed by actuaries as opposed to economist or other professionals. Rather than emphasising the economic or social consequences of pensions, the focus lies solely on the expected financial needs to preserve the system into the future and on what can be altered within these systems to keep them afloat. It is therefore not surprising that all reform proposals coming from these agencies involved a tinkering of the rules as opposed to more important transformations which could alter the economy and/or social objectives. For example, the latest pension reform proposals from the RRQ will have a negative impact on the redistributive features of the pension system, which were already likely to increase due to the maturity of the public regime and the upcoming maturity of private pensions as a source of improvement in pensions (Myles, 2000).

The Norwegian case is particularly interesting since the various departments involved with pensions have been co-ordinating their activities early on and have been collaborating closely ever since. The secretariat of the pension commission actually included senior civil servants from various departments dissipating the potential departmental conflicts that could have occurred. All agreed on the need to reform the system and sought to assist members of the pension commission in creating a system that would have a substantial appeal for most of its members. None of the 13 people interviewed in Norway stated any conflicts.

Belgium and France represent cases of decentralised and contested expertise. Both countries have an agency that performs tasks similar to RFV and RRQ (Office national des pensions – ONP - and the Centre national pour l'assurance vieillesse - CNAV). However, these agencies have not played a leading role in the debate due to the composition of their executive, which is dominated by social partners. Unable to agree on a clear consensus, as to what pensions ought to be, the government has had the upper hand to impose its wishes. Thus, most evaluations

of the pension system have been done without a substantial input on their part, at least in terms of providing a prescriptive assessment of their systems. Civil servants working within these agencies have not been actively involved in the numerous commissions requested by various governments to find a solution to the upcoming pension difficulties of public systems. Pension forecasting has been done mainly by the Bureau fédéral du plan and the Central Bank in Belgium (with slightly different conclusions) and via external commissions in France often relying on the expertise of civil servants within the Ministry of Finance and the Ministry of Social Affairs. The fragmentation of the public pension system along occupational lines has accentuated the difficulty to centralise pension expertise. Thus, no single agency has been able to provide a strong leadership in this field, resulting in a strong politicisation of the debate, including the need to reform the pension system. This is in stark contrast to Canada/Quebec and Sweden where the need to reform the pension system was quickly settled following the publication of actuarial reports presented by their respective agency. Thus, debates moved quickly on how to reform the system rather than discussing whether or not a reform is necessary. This represents a substantial help since politicians have a credible support to claim that a reform is necessary, which is not the case in both Belgium and France.

The United Kingdom represents an interesting contrast to the other five cases since it does not rely on an external agency for pensions, which is centralised within the Department of Work and Pensions (DWP) for the public scheme.<sup>iii</sup> However, the role of the Treasury limits severely its influence on policy making. Some conflicts have been reported in the media recently between these two departments. In the spirit of Whitehall, senior civil servants have a substantial role in providing policy advice to their Minister (Wilson and Barker, 2003), even though this influence has been diminished somewhat by the presence of strong political appointees within the office of the ministers involved.

The absence of a centralised agency results in a stronger place for commissions, who pull pension resources under one roof, albeit for a brief period of time. The latest Pensions Commission is a clear example of this. Relying strongly on the same civil servants who provide advice to their respective minister, the three members of the independent Pensions Commission (a former president of the CBI, a union leader, and an economics professor) presented the most detailed evaluation of the British pension system and elaborated clear avenues for reforms. The independent nature of the commission has allowed the government to study the potential

popularity (among the population and key policy actors within the field) of the solutions proposed. The independent nature of the Pensions Commission also means that the government can distance itself from its main recommendations.

### *Relationship between Ministers and Civil Servants*

A Minister really has three alternative when seeking policy advises to advance his political agenda. First, he can use the advice provided to him by the civil service. This implies accepting the interpretation of the facts presented by them. Second, he may opt to increase his political staff to bypass the civil service altogether, or use this staff as a bridge between the two with the purpose of steering their work more towards his political agenda. Lastly, he can opt to ignore entirely their advice and seek external output. However, this course of action is confrontational and only seems to work with the substantial support of the executive (for a British example, see Richards and Smith, 2004). Further, most policies will require the input of the civil service eventually to implement the policy in question. Not surprisingly, none of the six cases under review represent the last option. France and Belgium represent two clear cases where a strong political staff thwarts the policy influence of the civil service. Quebec/Canada, Sweden, and Norway represent a clear case supporting the first proposition while the UK lies somewhere in the middle due in strong part to the politicisation of the civil servants surrounding the executive.

In Belgium and France, the large size of the ministerial cabinet has significantly politicised the expertise attached to pensions and has substantially reduced – not to say eliminated - the need to rely on non-political civil servants. In Belgium, non-political civil servants are resigned to focusing strictly on implementation issues and are almost never asked for policy advice (Dierickx, 2003). The expertise of non-cabinet members has been utilised in various commissions, but not on a constant basis and often with political interference. For example, documents and comments provided to Charpin, for the redaction of his influential report published in 1999, by the *département de la sécurité sociale* had to be approved by the Social Affairs Cabinet first. Expert within the *direction de la prévision*, were not involved in the preparation of the Teulade report, but their forecasts were employed by Charpin and, to a lesser extent, by the Conseil d'orientation des retraites (COR) established in 2000 by Jospin. Even though this "cabinetisation" of the policy process provides a clear and coherent vision on how

to reform in line with governmental wishes, this “expertise” is challenged strongly by most policy actors resulting in the fragmentation of expertise competing with one another. Even the need to reform the pension system has been vehemently contested in both countries.

In Sweden, the Minister and even other members of the powerful pension working group, where the compromise among the five political parties was negotiated, have relied solely on internal expertise to conduct their study (with the exception of an analysis conducted to calm the fear that the newer system was more disadvantageous to women, which was included as an appendix volume and written by an Economics Professor in Stockholm). As such, experts work more with the group as a whole than exclusively with the Minister. Contentious points within the negotiations were referred to civil servants. For example, more than 70 models were created to demonstrate the impact of specific policies to deal with childcare compensation.

The members of the pension working group were inspired greatly by an external source, however. An economist, member of the previous pension parliamentary commission (1984-1990) representing the white collar union, published a book proposing an extensive reform of the earnings-related pension favouring one that would produce benefits more in line with contributions (Broms, 1990). The option of simply altering the rules of the former system vanished rapidly with the creation of the pension working group and there was a strong political consensus within the group to create a new system along the general lines of Broms’ book, with the Left Party and the far right Ny Demokrati being to only ones opposed to them. With such a strong political commitment to alter the pension system, the Ministry of Social Affairs could not really oppose them and defend the previous position of Social Democratic state secretary to tinker the previous system. They had no real reason to object to this endeavour. First, their role were being gratified due to the challenges of being policy innovators. Second, the new system would not result in a lesser administrative role, but produced the opposite since the new system led to the creation of a new agency to administer individual pension accounts and implementation obstacles were plentiful due to the scope of the changes introduced. Thus, the influence of civil servants turned into one of providing advice in the design and operationalisation of the new system. The seminar format of the working group on pensions led to a relatively strong role for the experts involved in the committee. They were by no means leading the conversation, but played a key role in clarifying the impact of ideas brought up by the politicians sometime bringing up their own ideas to the forefront of discussion. The Ministry of Finance, fearing that



the new system would result in increasing costs rather than the opposite, intervened strongly towards the end.

The Norwegian experience is starkly similar process with the exception that the Ministry of Finance was involved from the beginning and a broad consensus occurred early on the need to reform the pension system. A secretariat, composed of civil servants from various departments and agencies, was established within the Finance Ministry. The conclusion of the Pension Commission and the 2005 election have led to a transfer of this expertise within the Labour and Social Inclusion Ministry. Even though the secretariat no longer exists, the pension section of the ministry was expanded resulting in the transfer of few members from other departments. Existing networks also remain functional. Politicians interviewed have all stressed the good diligence of the public experts and have not relied on external advice (with the exception of the Progress Party whose pension model was rejected by a vast majority of the members of the commission and was not endorsed by the Ministers).

Another element worth mentioning was the fact that four independent experts were also full member of the Norwegian committee. Sensing the feasibility of a consensus among the politicians, they played an important role in using their expertise to enhance the quality of the debates, but also (indirectly) to facilitate the creation of a political consensus on key elements.

British senior civil servants still offer advice and expertise to their Minister, but they do so more frequently via the political experts hired by the Minister who provide a strong guidance (see discussion above).

### *Discussion*

This paper sought to untangle the relationship between political élites and senior civil servants and demonstrate the importance of public expertise to reform the welfare state. Far from simply providing advice and presenting already made packages to politicians, civil servants play a leading role in defending and promoting the need to reform pension systems. Substantial changes have occurred in countries where the public expertise has been relied on strongly and included an harmonious relationship with political elites (see table 1). Having agencies whose primary concern is the well being of pension systems present and defend the need to reform enhances the credibility of politicians and re-orient their attention towards seeking solutions. The integration of senior civil servants and their expertise in the policy process is key to de-politicise

the debate resulting in discussion focusing on the cure (i.e. the reform itself) as opposed to the disease (i.e. the need to reform).

Moreover, the way in which politicians engage with them and how they utilise their expertise matter greatly. All countries that have relied strongly on political expertise (Belgium, France and the UK), by passing and/or challenging the expertise of civil servants have failed to advance solutions that move beyond simply altering existing parameters. Thus, they fail to address many important issues that have been discussed substantially (and partly addressed) in reformist countries (Norway, Quebec/Canada, and Sweden) such as gender, savings, intergenerational justice, and caring activities. The involvement of the Prime Minister's office seems to be only influential when it relies on public, as opposed to external and/or political, expertise.

Norway and Sweden, with their history on relying strongly on parliamentary commissions (NOU and SOU) where expertise is valued, have proved very successful at building large consensus guaranteeing stability with the pension system for years to come. This has also facilitated the co-operation among the various ministries since they are well aware that political elites are united behind a clear and common goal. Quebec and Canada is somewhat a surprising case here since one would expect a pattern more similar to that of the UK because of the similarities with its political system. However, the RRQ and CPP have been important players in demonstrating the need to reform the pension system and no strong political actors were able to challenge their point of view.<sup>iv</sup> All political parties debated on the basis of the analysis performed by these public agencies. The reform was not as comprehensive as the Swedish one, but one must consider the difficulties associated with obtaining the support of the provinces and the need to maintain a close link between the Quebec and Canadian pension systems and that actuaries have come to be associated closely to the reform project. Nonetheless, by hiking contribution rates very rapidly and establishing a public pension fund, some elements of intergenerational justice were addressed<sup>v</sup> and the long-term future of the system was tackled although the Quebec pension system will need to be altered in the near future due to low economic growth, lower immigration and fertility rates, and an older population force whose participation in the labour force is already weaker than most other provinces.

These cases are in stark contrast to Belgium, France and the UK where this issue has been hijacked by political advisors/experts. Civil servants are still involved, but their capacity as

advisor is nowhere near that of the reformist countries. The politicisation of pensions have led to stark critics and attacks by most political actors who are more dismissive of the state of affairs presented by them. As a result, counter expertise have found a niche in debates leading to discussions on both the diagnosis and the cure. This has had the effect of enlarging the debates and solutions proposed to epidemic proportions, leading to a radicalisation of pension politics. Handcuffed, politicians have opted to adopt parametric measures in ways described by Pierson (1996). The key exception here is the UK, which faces less constraints in power from social partners and other political parties. Thus, it can sustain the criticisms more easily. Pension reforms have been introduced on numerous occasions and remain a stark source of conflict between Labour and the Conservatives. However, these numerous changes have resulted in an extremely complex pension system in need of further reform to relieve a substantial number of individuals from means-tested benefits in the near future. The politicization of the debate, including the strong role granted to political experts chosen by various Ministers, have made the creation of a broad consensus extremely difficult.

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# Table 1 – Assessing the Influence of the Civil Service in Pension Policies

Country	Ministry (formally) responsible	Importance of Finance Min.	Role of Prime Minister	Locus of Public Expertise	Acceptance of Public Expertise	Relationship b/w Ministers and Officials	Access to Political Resources	Relationship among public departments	Type of Reform
Belgium	Pensions	Medium	Non interventionist	Centralised BFP Central Bank	Yes, but not utilised.	Harmonious – consensus building	Yes (Cabinet is political)	Consensual	Very limited
France	Social Affairs	Strong	Central	Centralising; disparate.	Contested (external commissions)	Harmonious – Strongly centralised	Yes (Cabinet is political)	Monopoly from PM office	Limited within existing parameters
Quebec	Social Affairs and Finance	Strong	Non interventionist	Centralised RRQ	Yes	Harmonious – acceptance of RRQ authority	No	Monopolising (RRQ)	Substantial within existing parameters
Norway	Social Affairs	Strong	Non interventionist	Centralised NOU Ministry	Yes	Harmonious – participative within NOU	No	Cooperative	Currently seeking a major change
Sweden	Social Affairs	Strong (weak early on)	Non interventionist	Centralised RFV SOU Ministry	Yes	Harmonious – participative within SOU	No	Cooperative, some clashes	System shift
UK	Treasury Work and Pensions	Strong Leader	Intervening	Decentralised	Competitive with non state expertise (external commissions)	Conflictual	Yes (PM office)	Competitive (PM, DWP, Treasury)	Substantial, but not coherent

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<sup>i</sup> Quebec is used as opposed to Canada/Quebec due to the lack of interviews conducted in Ottawa.

<sup>ii</sup> Nonetheless, one of the four independent experts appointed to join the politicians as a full member of the commission came from Trygdeetaten.

<sup>iii</sup> There is, however, an independent agency (The Pensions Regulator) whose purpose is to monitor private pensions and the Treasury is responsible for the Public Sector occupational pension scheme.

<sup>iv</sup> There are no equivalent player in the UK since the powers of the Government Actuary Office have been reduced significantly over the past 20 years.

<sup>v</sup> Baby boomers will, as a result, provide maximum contributions for their 10 best years due to higher wages at the end of one's career, especially among white collars. Still, this reform is far more favorable to baby boomers than the Swedish one and the one currently studied in Norway.