

## Abstracts

### **Pension plans and capital markets in the US : an idiosyncratic institutional change ?**

Sabine MONTAGNE

*This paper proposes to analyse the system of american pension plans from an institutional and historical point of view. Since the 1970s, changes in pension regulation have occurred simultaneously with changes in capital markets, industrial relations and civil and social rights areas. Analysis is led in two steps. First, we show the strong imbrication existing between reforms of pension funds system and evolutions of practices of capital markets. The resulting retirement financement system can be characterized by a more individualised conception of retirement scheme, and an organization of financial operators based on procedures. Second, through existing analysis on evolutions of industrial relations and civil rights movements (trade unions and collective bargaining decline, extension of civil and social rights), we show a corresponding move towards an individualised definition of conflicts. Those conflicts tend to be resolved through courts. This parallelism offers the opportunity to a more general program of analysis for institutional changes. It is based on a formal interdependency of evolutions of political design and symbolic context and evolutions of economic institutions.*

### **Pension Fund Socialism or Plus ça Change... ? Retirement Provision and Corporate Governance in the United States**

Mary O'SULLIVAN

*This article analyses the emergence of employer-based pension funds in the US in the postwar decades and considers the changing balance of risk and reward that has*

*resulted from important developments in employer-based pension provision in the 1980s and 1990s. The relationship between developments in the system of pension provision, and the US financial sector more generally, and the transformation of US corporate governance that has occurred in the 1980s and 1990s are analysed. The implications of these developments are considered and the conclusion is that they have not led to a situation that comes close to approximating a world of « pension-fund socialism ». Institutional investors, not to mention US households, are a long way from exerting significant control over the allocation of corporate resources. That is still vested firmly in the hands of corporate managers even if their incentives in the exercise of that control have changed dramatically in the 1980s and 1990s. Corporate executives in the US may well be singing the song of the ideology of shareholder democracy but they also largely control the music.*

## **Pension funds in the USA : *the limits of unions' power***

Catherine SAUVIAT, Jean-Marie PERNOT

*In the United States, unions have always had a weak position with respect to the management and the control of their pension funds. Today, in the context of a hostile Congress and a weak position in the wage bargaining process, they are trying to use their pension funds as a leverage for union action. In doing so, they have become a major player in the field of corporate governance, claiming the use of their shareholder rights just like any other institutional investor. The balance sheet of this new form of union activism is for the least ambivalent : while unions have managed to acquire some legitimacy and influence as shareholders among the other institutional investors, the price has been high. They have had to support the maximization of shareholder value and thus weakened their capacity to defend traditional key worker issues. This outcome sheds light in a way on the antagonism specific to the capital/labour relationship and on the conflicts of interest it raises for unions. The priorities of financial return which are those of financial investors are difficult to reconcile with the struggle for higher wages and better working conditions.*

## **« Value creation » between rhetoric and practice. Genealogy and sociology of « shareholder value »**

Frédéric LORDON

*Its polysemy and fuzzy definitions does not prevent « value creation » from appearing as an absolute requirement of management. Its numerous definitions are not all relevant and sometimes dress with new clothes very old stuff. Among them, EVA seems to stem from a more rigorous construction and may be considered as one of the best expressions of « shareholder value ». Understanding its genesis implies to consider both a macro-structural history – financial market deregulation and the rise of a « shareholder power » – and individual micro-histories, between predication and schumpeterian innovation : beginning as a cause, « value creation » also quickly turns to consulting business. The paper then tries to assess the respective parts of rhetoric uses and effective practices of « value creation » but avoiding two opposite statements : the first one standing that « value creation » has no other reality than its uses as a legitimacy device, the second one believing that EVA has already and completely normalised all the firms behaviours.*

## **Controversies and issues about retirements : the state of art**

Pierre CONCIALDI

*This article is a survey of the French debate on the issue of pensions. We first analyze the various scenarios proposed to cope with the so-called « ageing » of the population and their consequences, both on the level of public expenditures and on the relative standard of living of retirees. Increasing the level of social contributions in order to finance future pensions would not place a tremendous burden on the employed population, in particular if we take into account changes that are likely to affect other expenditures for children or the unemployed. Moreover, this scenario would not deteriorate the*

*relative standard of living of the employed population vis-à-vis retirees. On the contrary, if the level of public expenditures allowed/devoted to pensions were to be kept at its current/today level, this would lead to/implies a dramatic drop in the relative standard of living of retirees. We then turn to the funded versus pay-as-you-go debate. A survey of the economic literature does not provide any clear argument in favour of a shift towards funded schemes. This implies that such a choice is essentially a political one. The last part of the paper deals with changes in the labour market and their consequences for the design of pension schemes and social protection arrangements in general. The conclusion stresses the necessity to restore confidence in public pension schemes and the need for stronger public policies aimed at full employment.*

## **The development of Pension Funds : A Comparative Analysis of Pension Reforms, between Global Model and National Paths**

Bruno PALIER, Giuliano BONOLI

*This article argues that although pension policy developments are country specific, these tend to be directed towards a similar model, in which pre-funded provision plays a more important role than it did in the past. In most countries, the expansion of pre-funded pensions occurs as a result of retrenchment in public pension schemes. As the amount guaranteed by these schemes declines over time, the conditions are created whereby individuals will turn to private alternatives. This process can be observed in most industrial countries, though it takes place in different ways depending of the institutional design of existing pension arrangements. Universal pension schemes are generally being reformed through the introduction of some form of means-testing. Targeted programmes are being made even more selective. In social insurance schemes the link between contributions and benefits is being strengthened. At the same time, pre-funded pensions develop in different ways, and have reached very different levels of importance in different countries (privatisation of public pension schemes, creation of occupational pension funds, or fiscal encouragement of voluntary private pensions). It is generally the continental European systems that oppose the strongest resistance to this movement, without fully succeeding in this. After having examined this mechanisms, the article focuses on the French case, and argues that the political conditions for the introduction of pension funds are now present in the country, these include criticism against pay-as-you-go systems, ambiguous consensus on a mixed regime, and some expansion of pension saving funds.*

## **Expertise and the Politics of Pension Reform : The Influence of Think Tanks in the United States**

Daniel BELAND

*Policy experts are playing an important role in the contemporary debate on pension reform. In the United States, these experts are frequently integrated into different kinds of think tanks. The main goal of this article is to evaluate the political and ideological influence of these organizations. Thus, the article explores the strategies used by think tanks in order to shape the debate on pension reform and to influence policy makers. The first part traces the main stages of think tanks' historical development. This typological analysis reveals the gradual « politization of expertise » in the contemporary American society. The second part explores think tanks' involvement in the debate on pension reform since the 1970s. As we shall demonstrate, these organizations are taking an active part in the framing of both the demographic « problem » and its financial « solution » : the « privatization » of the federal old-age and disability insurance (Social Security).*

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Equipe INGÉNUE

*Demographic projections to 2050 underline an essential development of the 21<sup>st</sup> century, the global tendency toward world population ageing. Paradoxically, a transitory period of demographic structure polarization, that is now in progress, is initiating this long term convergence process : the growing weight of pensioners in OECD countries, resulting from the lengthening of life expectancy and baby-boom generation ageing, takes place at the same time as the rapid expansion of young working population in lower income countries, as they achieve their demographic transition. This first time ever seen situation in modern history opens doors to new opportunities for world economy : excess savings in high income countries, settled for forthcoming pension requirements, could finance growing young workers capital needs in poor countries. Such synchronized evolutions could thus become an effective tool to fasten the catch up process of developing economies. Well managed, they could improve the world economic growth level and ease conflict between generations in rich countries. It is only one of the numerous scenarii for next decades. Fundamental institutional reforms underscore its achievement. They must deal with prerequisites underlying guaranteed international spread of technical progress in the long run. Last but not least, de-*

*demographic polarization will lead to current account balances polarization. Thus, the ability of world economy to reach a higher growth level lies on their sustainability, i.e. the strength of a reshaped international financial system.*

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