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Representing the rich

Economic and political inequality in established democracies

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CHAPTER 5

Mechanisms of Unequal Representation in Dutch Pension Reform

5.1 INTRODUCTION

Recent years have seen a surge in attention to the topic of unequal representation. In particular, many studies have explored the extent to which governments in established democracies are more responsive to the demands of citizens with high incomes than to the demands of less affluent citizens (Gilens and Page, 2014; Bartels, 2016; Ellis, 2017; Elsässer, Hense and Schäfer, 2017; Lupu and Warner, 2019). This line of research paints a picture of political representation that systematically privileges the rich over the middle and low incomes in various countries and policy areas (cf. Ura and Ellis, 2008; Brunner, Ross and Washington, 2013). So far, however, almost all analysis is devoted to the question of *whether* there is inequality in representation, while very few analyses focus on *how* inequality in representation comes about.⁷³ In some sense, this is logical and sensible; one should make sure there is a causal relationship before trying to explain it. Given the body of evidence that has accumulated in recent years, however, including the evidence presented in previous chapters, it is now appropriate to address the “how” question. This is the objective of the current chapter.

⁷³ As I noted in the introduction, this is particularly true for studies outside of the United States.

To illustrate and evaluate the different causal mechanisms that could produce unequal representation, I conduct an in-depth, qualitative analysis of one of the 291 potential policy changes analyzed in chapter 3. In particular, I analyze the 2012 pension reform in the Netherlands, which arranged for a gradual rise in the retirement age from sixty-five to sixty-seven (by 2023). This provides a clear instance of unequal representation, as low- and middle-income citizens largely opposed it while high-income citizens supported it. In this chapter, I focus on potential explanations for this result or, in broader terms, on the ways in which different income groups were or were not represented in this policy process. Using information from media reports, parliamentary debates, parliamentary hearings and party manifestos, supplemented with several interviews with key actors, I evaluate six causal mechanisms that could account for unequal representation in the process of raising the retirement age: party finance, descriptive representation, structural dependence on markets, the influence of neoliberal ideas, lobbying by organized interests and biases in party politics.

The available evidence suggests that two of these six mechanisms – party finance and structural power – did not play a significant role in the policy process. The importance of lobbying, neoliberal ideas and party politics is supported by the empirical material, while the evidence for descriptive representation is suggestive. Importantly, these different mechanisms can explain different elements of the reform. Broadly speaking, the weakness of unions as the main organized interest representing the preferences of lower incomes explains why the reform could be put on the political agenda at all. The large influence of neoliberal ideas, amplified in the context of an economic downturn, explains the timing and speed of the reform. The bias in descriptive representation may further explain why the policy contained few provisions to accommodate the concerns of people with low incomes. Finally, and possibly reflecting the previous mechanisms, the partial disconnect between left-wing parties and poor citizens meant there was relatively little resistance to the policy in parliament.

The rest of the chapter develops these arguments in more detail. First, I briefly discuss my methodological approach to exploring the mechanisms behind unequal representation. After that, I provide some background information on pensions in the Netherlands and public opinion on this topic, respectively. The next sections make up the bulk of the chapter, introducing and evaluating each of the six mechanisms mentioned above. A final section summarizes and reflects on the findings.

5.2 APPROACH

Before embarking on an analysis of pension reforms in the Netherlands, it is necessary to make a few methodological observations, which relate to case selection, the method of analysis and data sources.

First, there is the issue of case selection. I follow a classic strategy for mixed-methods research, which is to start with a large-N analysis and then conduct a small-N analysis of one or several observations which are ‘on the regression line,’ that is, in line with the general pattern found in the large-N analysis (Lieberman, 2005). The reason for doing so is that these cases are most likely to be representative for the larger sample and – indirectly – the population. It should be emphasized that the purpose of this case study is not to check the validity of the causal inference made in chapter 3, which is that policy responsiveness is biased towards the preferences of the rich. I assume this to be true for the purposes of this chapter. Instead, the goal is to explore the causal mechanisms that can account for the broader finding of unequal representation. In other words, my aim is here is not to make inferences related to the outcome (causal description) but to make inferences related to the process (causal explanation) (Shadish, Cook and Campbell, 2002, pp. 9–12).

The choice to zoom in on this particular policy change – that is, the increase in the retirement age – is thus primarily motivated by the fact that it provides a clear case of unequal representation, reflecting the main finding of the larger dataset analyzed in chapter 3. In terms of preferences, there are large gaps between income groups on this issue: people with low and middle incomes were mostly opposed to an increase in the retirement age, while people with high incomes were mostly in favor. And since the retirement age was actually increased by the national government, this is a clear instance where the rich ‘won’ over the poor, reflecting the broader patterns found in chapter 3. This case has a number of additional benefits. The retirement age is a large issue, both in terms of budgetary costs and in terms of the impact it has on citizens, which makes it important to understand for its own sake. Finally, the importance of this issue, combined with the fact that this a recent policy change, means there is a lot of empirical material to draw on (for practical relevance and accessibility as criteria in case selection, see Blatter and Haverland, 2012, pp. 102–103).

After selecting a case, we come to the question of which causal mechanisms to test and how to do so. I have selected six potential mechanisms, largely based on the fact that these all had some *ex ante* plausibility and were to some extent empirically tractable. Four of these (party finance, descriptive representation, lobbying and party politics) align with the most

commonly suggested mechanisms in previous research, as reviewed in the introductory chapter. The introduction mentions a fifth mechanism – electoral participation – which is not included here due to the difficulty of operationalizing it in this qualitative study. As such, I concluded that taking it into account would add little to the quantitative analysis of chapter 3. Beyond this, preliminary investigation of the case made it abundantly clear that the macro-economic context featured prominently in accounts of the pension reform, for instance in parliamentary debates. To reflect this, I test two mechanisms in addition the four mentioned above, these two being the structural influence of markets and neoliberal ideas.

To explore causal mechanisms – the processes through which a given independent variable effects or affects a dependent variable – many (complementary) approaches can be used. One such approach, which is associated with the neo-positivist framework of King, Keohane and Verba (1994), is to analyze the correlation between the presence of a given causal mechanism and the presence of the dependent variable. Another is to trace a series of events over time, which is set in motion by the independent variables and culminates in (a change in) the dependent variable. This is the basic logic behind process tracing analysis (Collier, 2011; Beach and Pedersen, 2013). A third approach is to reason through counterfactuals to find out what would have happened to the dependent variable in the presence or absence of a causal mechanism (Fearon, 1991). Finally, and perhaps most obviously, one can ask the actors who were involved in the causal process about their own motivations and self-image. In this chapter, I have attempted to apply all of these approaches, but not all of them proved to be equally viable due to limitations in data access and the scope of this analysis. As a result, the first approach is the most prominent in the empirical sections, even though it is arguably less refined than some of the others. This is the main reason that this chapter is more of an exploration of the causal mechanisms behind unequal representation rather than the final word on the matter.

Lastly, there is the question of which data sources to use. To uncover the causal mechanisms involved in the process of raising the retirement age, I consulted a variety of sources. These sources include parliamentary debates in the run-up to the policy change, parliamentary hearings on the topic in 2011 and 2012, news articles,⁷⁴ official platforms and election programs of political parties, and commentaries from pension experts. This secondary material was supplemented with several interviews with key actors involved in the policy process. The interviews functioned to corroborate the preliminary conclusions I had drawn from

74 To get a comprehensive overview of the events surrounding the policy change, I searched through articles of the Dutch press agency (*Algemeen Nederlands Persbureau*) between 1 January 2010 and 31 December 2012, using “AOW” (pension age) and “pensioenakkoord” (pension agreement) as keywords. The latter provided information about negotiations between unions and employer organizations.

publicly available information.⁷⁵ Lastly, to sketch the nature of public opinion regarding the retirement age, I consulted various surveys held among the Dutch public. I also conduct a few quantitative analyses on union and party membership, but these are confined to footnotes so as not to detract from the main arguments.

5.3 PENSIONS IN THE NETHERLANDS

For the purposes of this chapter, it is not necessary to discuss all the intricacies of the Dutch pension system. Instead, I will mention a few basic elements that will help put the analysis in context. At its most basic level, pensions in the Netherlands are made up of three ‘pillars’. The first pillar consists of a state pension, which is the same for everyone. This state pension is financed through current pension premiums. Hence, people who are currently working pay for the pensions of the people who are currently retired. The second pillar consists of an individual pension, which all working citizens accumulate by putting aside a fixed portion of their income. This money is managed by pension funds, which are mostly organized by sector. Finally, the third (and smallest) pillar consists of additional, individual arrangements that people may make to provide for their old age, for instance in the form of savings or stocks. The pension reform that will be discussed in this chapter are reforms of the age at which people are entitled to state pensions (in Dutch: *AOW-leeftijd*). However, the first and second pillar are linked by law, such that an increase in the retirement age under the first is accompanied by an increase in the retirement age under the second. Hence, when I refer to increases in the retirement age (= pension age), I refer to measures that primarily affect the first, but indirectly also the second.⁷⁶

Ever since the state pension law was introduced in 1956, the retirement age had been sixty-five. Starting at least in 2006, there were calls to increase this age.⁷⁷ This idea picked up steam in 2008, when it was advocated by a committee instituted under the minister of Social Affairs and Employment, Piet Hein Donner (*Commissie Arbeidsparticipatie, 2008*). Spurred on by the economic downturn and the perceived need to implement austerity measures, most parties included some version of the measure in their manifestos for the 2010 parliamentary election (see the section on political parties below). After the election, the right-wing VVD

⁷⁵ I conducted semi-structured interviews between August and December 2019 with Frank Vandenbroucke, an expert on pension reform; Peter Gortzak, former pension secretary for union federation FNV; Roos Vermeij, former pension spokesperson for the labor party; Agnes Jongerius, former head of union federation FNV and Jurre de Haan, pension secretary for employers’ federation VNO-NCW. All conclusions drawn in this chapter are my own and cannot be attributed to the interviewees.

⁷⁶ In other words, “retirement age” refers to the legal retirement age, not the effective retirement age. The latter is slightly lower than the former due to possibilities for early retirement, although these possibilities have been sharply reduced in 2006. As a result, the difference between the two ages is getting smaller (Organization for Economic Cooperation and Development, 2019a).

⁷⁷ In this year, the liberal democratic party D66 included the measure in their election program.

and the Christian-democratic CDA formed a coalition with the right-wing populist PVV as a junior partner.⁷⁸ Their coalition agreement included the proposal to increase the retirement age to 66. After extensive negotiations with employer and employee organizations, a bill was introduced to parliament in October 2011 which would increase the retirement age from 2020 onwards. This almost passed both houses of parliament when, in March 2012, the Bureau for Economic Policy Analysis (in Dutch: *Centraal Planbureau*) put out new economic forecasts, which predicted a larger budget deficit than previously expected. This motivated a coalition of left-wing, centrist and right-wing parties to come together and decide on additional budget cuts (Algemeen Dagblad, 2012). The resulting agreement included a new proposal to raise the retirement age more quickly than previously agreed, starting in 2013. A bill that was based on this proposal was adopted in July 2012.

One important thing to note at this point is that those who favored increases in the retirement age often did so with reference to demographic developments; that is, increases in life expectancy and an aging population (De Haan, 2019; Vermeij, 2019). This is undoubtedly a relevant motivation behind the eventual policy change, and it is the most likely explanation for the pattern of rising retirement ages in many developed democracies. However, demographic trends can explain neither the timing of the policy change nor the form that it took. This means that it is appropriate to consider other explanations, which I will do below. The most important parts of the July 2012 policy are the following. Firstly, the retirement age started increasing in 2013, reaching the age of sixty-six in 2019 and sixty-seven in 2023. Secondly, the retirement age will be tied to life expectancy starting in 2024, meaning that a one-year increase in life expectancy will lead to a one-year increase in the retirement age. Thirdly, there are no provisions to allow for earlier retirement of people who have lower incomes and/or particularly demanding jobs,⁷⁹ despite efforts by several parties who favored such provisions. Several other parts of the law are important in their own right, for instance those relating to the regulation of pension funds, but these will not be analyzed here, in large part because I do not know of any public opinion polls on these issues.

In 2015, the law was changed again so that the retirement age would reach sixty-seven in 2021 instead of 2023. However, the 2012 policy change was by the far the most impactful, changing regulations that had been in place for more than half a century, so I will mostly focus on the events surrounding this policy change.

⁷⁸ Table A5.1 in the appendix lists all abbreviations used in this chapter for political parties, employer organizations and union federations.

⁷⁹ The Dutch term used here is “zware beroepen.” The association is usually with jobs that are require intensive physical labor, but in hearings on the topic, various party agree that mentally demanding jobs should also be included under this term (Tweede Kamer, 2010).

5.4 PUBLIC OPINION

Public support for the increase in the retirement age was clearly correlated with income. The Dutch Parliamentary Election Studies of 2012 asked respondents whether they agreed with the statement that “within a few years, the retirement age should be increased to sixty-seven years.” Figure 5.1 shows which percentage of respondents agreed with this statement at different points in the income distribution. This shows that low- and high-income respondents sharply differed in their attitudes. At the tenth income percentile, only thirty-seven percent of respondents agreed that the retirement age should be raised to sixty-seven within a few years, whereas sixty-four percent of respondents at the ninetieth income percentile agreed with this statement. This is among the largest preference gaps in the data analyzed in chapter 3.⁸⁰

Importantly, the Figure illustrates that middle-income respondents were also largely opposed to an increase in the retirement age, with thirty-nine percent of respondents at the fiftieth income percentile agreeing with such a measure. Hence, it is not just the low incomes who lost out in this policy process, it is also the middle incomes. In other words, the median voter did not get what they wanted, with policy mirroring the preferences of a (rich) minority. This makes for a stark instance of unequal representation.

Why is there such a strong gap in attitudes towards an increase in the pension age between income groups, especially if the increase is the same for everyone? There are many possible explanations for this, and exploring them all would require a different study altogether. Importantly, however, citizens with low levels of income would be affected much more by an increase in the retirement age than citizens with higher incomes (Vandenbroucke, 2018). Firstly, those with lower incomes have, on average, jobs that require more intensive physical labor, which is harder to maintain until an advanced age. This is compounded by the fact that they have usually started working at a younger age. Secondly, forecasts by policy advisers – including the Bureau for Economic Policy Analysis (*Centraal Planbureau*) – indicate that labor market opportunities will not increase at the same rate as the retirement age. That is to say, a two-year increase in the retirement age will not be accompanied by a two-year increase in work. As a result, many citizens will be without a job for some time before they can retire.

⁸⁰ The effect of income on preferences regarding the retirement age is monotonic, with one exception. Among the very lowest income group, there is more support for raising the retirement age than among the groups above that. Upon further inspection, it seems that the respondents in this lowest income group are mostly students in higher education: more than half of them are below the age of thirty, compared to sixteen percent in the overall sample, and more than half have attended higher education, compared to thirty-six percent of the overall sample. It is the students that cause this exception: of the poorest respondents below the age of thirty, sixty-seven percent support an increased retirement age (N = 55), while only thirty-three percent of the poorest respondents above thirty support it (N = 45). Given that the low incomes of students do not reflect their long-term economic prospects, I do not consider this to be a particularly noteworthy exception to the monotonic effect of income.

Such a gap in between one's last job and one's pension is clearly harder to bear for the poor than it is for the rich. Third, there is a large gap in life expectancy between income groups (Muns, Knoef and Van Soest, 2018). As a result, an increase in the pension age of, say, one year represents a much larger share of the period of retirement for low incomes than it does for high incomes. In that sense, the relative cost of the measure is higher for the former.⁸¹

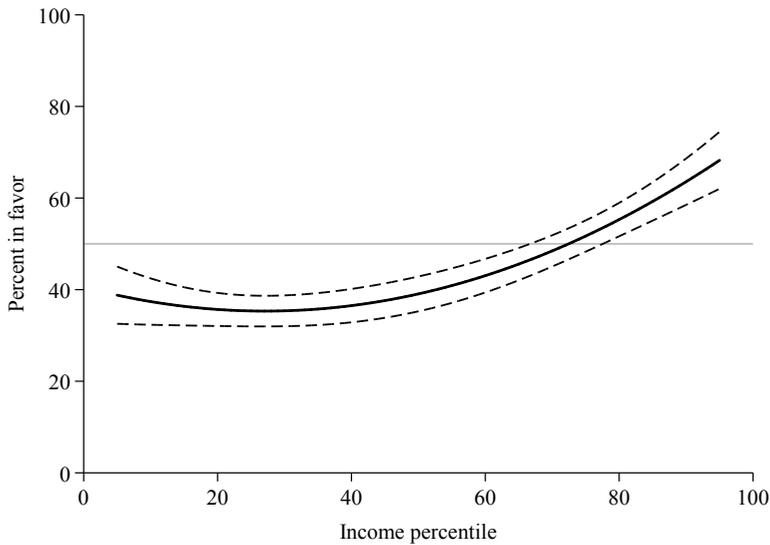


Figure 5.1: Support for increasing the retirement age by income (dotted lines indicate 95% confidence intervals)

Hence, there are several reasons why the lower incomes are hit harder by an across-the-board increase in the retirement age than higher incomes. This is an obvious explanation for the gap in public opinion on this issue. It is also recognized by the social and political actors involved in the policy process; as we will see, many of the debates and stances on this issue are structured by actors' positions towards rich and poor.⁸²

Related to the previous point, different income groups may have been divided on the specifics of the increased retirement age as much as – or even more than – they are on the general need to increase it. It is hard to make any firm statements about this, given the relative scarcity of public opinion polls in the Netherlands. However, it is important to remember that the survey question from the Dutch Parliamentary Election Studies asked respondents whether they agreed to a higher retirement age *within a few years*. Opposition to the measure may

⁸¹ This is emphasized by Frank Vandenbroucke (2019) and Agnes Jongerius (2019); the latter refers to this as “the most poignant inequality” of the pension dossier.

⁸² The other key dividing line on this issue is between young and old, which is understandable given the redistribution between age groups that different policy choices entail. This will not be analyzed in detail here.

have been directed at the speed of this increase rather than the increase per se. What backs this up is that a different survey in mid-2012 reported relatively high levels of support for raising the retirement age gradually from 2019 onwards, although this support still varied with respondents' level of education and hence probably with respondents' income as well (Peil.nl, 2012).⁸³ Moreover, a survey by the Dutch news program *EenVandaag* in 2017 showed strong support for a flexible pension age that would allow citizens with demanding jobs to retire five years earlier than the rest of the population (*EenVandaag*, 2017).⁸⁴ Yet another survey, conducted in 2015, showed that anger and surprise over the high speed of the reform is strongly related to education (De Beer, Van Dalen and Henkens, 2017b).

All in all, it seems that public hostility towards the policy has as much to do with the specifics of increasing the retirement age – e.g. when, how quickly and for whom – as with the general notion of raising it.⁸⁵ The same could apply for the gap in support between rich and poor citizens, especially given the fact that different income groups are affected in different ways by these specifics. Regardless, the bottom line is that the poor were more hostile to increases in the retirement age than the rich. Hence, this is a clear case where the rich won out over the poor in the policy process. The next sections explore potential explanations for this result.

5.5 PARTY FINANCE

Perhaps the most obvious and direct way economic inequality can produce political inequality is through financial contributions to political parties and/or candidates. Since the ability to make such contributions naturally increases with one's income, this gives the rich a louder voice than the poor (Schlozman, Verba and Brady, 2012, pp. 147–176; Bonica *et al.*, 2013). The importance of this mechanism depends on the extent to which political donations actually influence election outcomes or changes in policy stances in between elections. This is the subject of a longstanding debate in American political economy, with some claiming that donations do affect election and policy outcomes (Ferguson, Jorgensen and Chen, 2016) and others claiming that their effect is negligible (Milyo, 2013).

Important and interesting as this debate is, its relevance for the Dutch context is very limited. Although high-quality comparative data on political donations is very scarce, most observers agree that little money is spent on Dutch party politics (Nassmacher, 2009, pp. 107–120). Furthermore, only a small share of the total income of political parties comes from private

83 This survey was conducted by Maurice de Hond's Peil.nl, which is marred by a lack of transparency. This survey should therefore be taken with a large grain of salt.

84 Unfortunately, the *EenVandaag* survey panel has its own problems, stemming from the fact that respondents self-select into the panel.

85 This is affirmed by Roos Vermeij on the basis of meetings with union members throughout the country.

donations (Veling *et al.*, 2018, p. 24). Combined with its highly proportional electoral system, which makes it easy for new parties to emerge, private donations in the Netherlands do not have the same ‘gatekeeper’ role that they may have in a country like the United States.

This can be illustrated with data on party income and expenditures for the period 2015-2017 (De Vries and Boogaard, 2017).⁸⁶ The richest political party in the Netherlands by quite a wide margin is the Socialist Party (SP). This is due to the fact that it is mandatory for representatives of the SP to donate their income to the party in return for a smaller salary. However, this did not lead to a favorable result in the debate over the retirement age, as the SP was strongly opposed to the policy that was eventually adopted. Likewise, 50PLUS was also among the parties which received the most money in donations, certainly in relative terms compared to its membership and vote share. It was also the only party to receive a classic ‘plutocratic’ donation, in the form of €350,000 from a Dutch multimillionaire. However, it too lost out in the policy process. And the third party that made up the opposition on this issue, the far-right PVV, was the only party to receive sizable donations from abroad. It would be facile and misleading to conclude from this that political donations actually hurt parties’ policy success, but it is true that the aforementioned parties are often on the side of the minority that opposes successful policy proposals. Combined with the fact that there is no obvious correlation between parties’ income and electoral success, and the fact that parties appear to do little to elicit private donations, it is very unlikely that such donations can explain unequal policy representation.⁸⁷

What about the other sources of party finance? In the Netherlands, the majority of parties’ income – modest as it is – comes from public subsidies and membership dues (Veling *et al.*, 2018, p. 24). Subsidies are provided in proportion to a party’s seat share in parliament. As a result, it may reinforce other factors that make some parties more successful than others in gaining parliamentary representation, but it is not a source of political inequality in itself. As for membership dues, these could be a source of unequal representation if membership of a political party is strongly correlated with income. However, there is no such correlation in the Netherlands.⁸⁸ In sum, neither private donations, public subsidies nor membership dues can account for unequal representation in the Netherlands.

⁸⁶ Data for previous years is not publicly available. However, I assume that the basic patterns of party income and expenditure are fairly stable over time.

⁸⁷ This conclusion could be reinforced with information on the socioeconomic characteristics of those citizens who donate money to political parties, but I know of no Dutch surveys that include a question on political donations. Perhaps this in itself reflects the low relevance of this form of political involvement in the Netherlands.

⁸⁸ To calculate the correlation between income and party membership, I used data from the Dutch LISS panel. Since party membership is low in the Netherlands, it can be difficult to reliably estimate the association between membership and other variables using survey data. For this reason, I combined all waves of the panel between 2009 and 2019, calculating the average household income percentile of each respondent and whether they were ever a member of a political party during this time. This reveals no association between the two variables, with a point biserial correlation of 0.007 ($p = 0.418$; $N = 12697$). Separate analyses for each of the survey waves produces much the same result. The full results of this analysis are available upon request.

5.6 DESCRIPTIVE REPRESENTATION

A second potential explanation is based on the literature on descriptive representation, which analyzes the extent to which politicians' personal backgrounds influence their views and actions in the political system (Pitkin, 1967, pp. 60–91). In its most general form, the key hypothesis is that these personal backgrounds matter for substantive representation, above and beyond the party platforms on which politicians are elected. Initially, this research mostly focused on the effects of gender and race (Wängnerud, 2009; Griffin, 2014; Lawless, 2015), but recent years have seen some attention to the role of socioeconomic characteristics like occupational background (Carnes, 2013; O'Grady, 2019), education (Hakhverdian and Schakel, 2017) and wealth (Griffin and Anewalt-Remsburg, 2013; Eggers and Klasnja, 2018). As noted in chapter 3, the Dutch parliament is skewed in terms of these characteristics; compared to the Dutch population, members of parliament are more highly educated, more often come from white-collar occupations and are probably more affluent, though comprehensive data on the latter does not appear to exist. These skews are common across established democracies (Best, 2007; Bovens and Wille, 2017; Gerring *et al.*, 2019).

Do these socioeconomic biases in descriptive representation appear in the process of raising the retirement age, and if so, how? First of all, the main actors involved in the policy process reflect the typical background of Dutch politicians. For example, Agnes Jongerius and Henk van der Kolk, the two most important representatives of the labor movement at the time, both entered managerial positions in a union directly after they received university degrees. Bernard Wientjes, head of the main employer organization and often seen as the most influential person in the Netherlands, was the CEO of his own company. Alexander Rinnooy Kan was a professor of econometrics and head of an employer organization before he became head of the Social and Economic Council, a very influential advisory body in Dutch politics. Henk Kamp, the minister of Social Affairs and Unemployment, had a slightly more varied career, but still entered local politics in his mid-20's. Job Cohen, leader of the labor party, was a professor in methodology before entering politics. Other people involved followed much the same path as those mentioned here, with backgrounds in politics or academia. While there are some exceptions to this pattern, they are few and far between.

It is important to note that the bias in descriptive representation is of a different nature than it is in, for instance, the United States. In the latter, more than half of all members of Congress are millionaires, and many owe their wealth to strong business ties (Center for Responsive Politics, 2018). In the Netherlands, as in other Western European countries, it is not so much extreme wealth that sets political actors apart from the general population, but the fact that

they have often never worked outside of politics or academia.⁸⁹ Crucially, however, this career trajectory can affect substantive representation in its own way. This point is made very well by Frank Vandenbroucke in a recent commentary on the increased retirement age:

“For many people, ‘retirement’ is synonymous with ‘freedom’. It is not the case that people generally look forward to their retirement because they do not like to work, but retirement does provide them with space for their own life projects (...) Those who like to keep working are people for whom ‘working’ and their own life project largely coincide: typical examples are politicians, academics and corporate executives. It is not a coincidence that pleas for a higher retirement age are easily made by these people: their work is their liberty” (Vandenbroucke, 2018, p. 36).

In other words, the main actors in the policy process represent a group of citizens who are not only able but also willing to work until a higher age. The sentiment described by Vandenbroucke is sometimes explicitly reflected in the parliamentary debates. For example, at one point a member of the religious party SGP argues that work should be seen as a blessing: “[O]ur goal should not be to retire as quickly as possible for as long as possible. It is a good thing to use one’s talents in the labor market. This enriches people. It is good for the Netherlands and good for people” (Tweede Kamer, 2011b, p. 4).⁹⁰ And on several occasions, passing references are made to the fact that we should be happy that a rising life expectancy allows us to work longer. Explicit statements of this sort are rare however, which may be due to the fact that they could easily be seen as untactful. It would also be misleading to suggest that parliamentarians are wholly unaware of the fact that a higher retirement age represents a burden for many people; the measure is usually framed as difficult but necessary (Vermeij, 2019).

However, the socioeconomic bias in representation and the aforementioned attitude to retirement may have affected the policy in more implicit ways. As mentioned above, the bill that was enacted in 2012 included a provision whereby the retirement age would increase at the same rate as life expectancy from the 2020’s onwards. This provision means that the ratio between years in the labor force and years in retirement will become more and more skewed; while the former will continue to increase, the latter will stay constant (De Beer, Van Dalen and Henkens, 2017a). This fact – and the question of whether this is really sustainable in the long run – is surprisingly absent from political debates at the time. In the words of Roos Vermeij (2019), “there was no resistance to it, not in politics, not in debates, not anywhere”.

⁸⁹ The word “politics” is used somewhat loosely here to also include senior officials of employee and employer organizations, as they are routinely involved in the policy process.

⁹⁰ This also reflects the party’s strong religious identity.

This could be explained by the work-as-liberty attitude described by Vandenbroucke.

Moreover, several parties proposed to introduce a flexible retirement age, whereby some groups – including people with physically or mentally demanding jobs – would be able to retire earlier. This proposal gained little traction and did not become a part of the law that was enacted. The minister of Social Affairs, Henk Kamp, rejected the idea of a flexible retirement age with the argument that it would cost money in the short run and although this money would come back “in twenty years,” this “will not help us with our current financial problems” (Eerste Kamer, 2012b, p. 3). Putting aside whether this statement is actually true, it is a questionable choice to make a decision with such major long-term impacts to make a fairly minor contribution to a short-term budget deficit.⁹¹ In general, the minister is sometimes callous in his attitude towards those who will struggle with a higher retirement age, arguing that they are “a very small group” and making statements like the following: “If you are physically unable to work, you get disability benefits. These will simply continue until the higher pension age” (Eerste Kamer, 2012b, p. 8). This statement glosses over the fact that older employees may very well find themselves unable to continue their physically demanding jobs, but not eligible for disability benefits and with poor prospects for a job in a different field.

Judging by the statements and decisions made by political actors, one gets the overall impression that these actors did not fully take into account *how much* of a burden they were putting on a segment of the population for whom work is not their liberty. In recent years, surveys among citizens *and* among employers have revealed widespread concern over the human cost of the rapidly increasing retirement age (EenVandaag, 2017; Van Dalen, Henkens and Oude Mulders, 2017; Van Solinge and Henkens, 2017). The same sentiment has been expressed by medical professionals (Van Mersbergen, 2017). And in 2017, Lodewijk Asscher, who became minister of Social Affairs after the 2012 elections, said he regretted the decision to raise the retirement age more quickly than previously agreed. He said: “I have talked to a lot of people who are suffering from the increase. So we will do something about that” (De Gelderlander, 2017). Although it is hard to prove, his socioeconomic background might have prevented him from anticipating this suffering.

In general, the policy may well have been shaped by the fact that those who it affected the most were not directly involved in the decision-making procedure, neither in parliament nor in the leadership of organized interests. As John Stuart Mill once wrote, “in the absence of its natural defenders, the interest of the excluded is always in danger of being overlooked; and, when looked at, is seen with very different eyes from those of the persons whom it directly concerns” (Mill, 1861, p. 56).

⁹¹ See the section on structural power below.

5.7 STRUCTURAL DEPENDENCE ON MARKETS

The previously discussed mechanisms involve instrumental action, in the sense that they describe behavior that is purposefully aimed at effecting political change. This contrasts with a very different mechanism through which unequal representation could come about, which is usually labeled as structural power. Structural power “refers to the ways in which large companies and capital holders – in practice very often the same thing – gain influence over politics without necessarily trying to, because of the way they are built into the process of economic growth” (Culpepper, 2015, p. 42). That is to say, since wealthy individuals and corporations have control over investment in an economy, they can decide to withhold investments if they judge government policy to be harmful to their continued income. Unlike instrumental power, this mechanism does not rely on the assumption that investment decisions are made with a political goal in mind; every actor follows their own economic self-interest. Even so, withholding investment will hurt growth and employment, and since presiding over a weak economy will generally hurt governing parties’ chances for re-election, they have a clear incentive to avoid such policies (Block, 1977; Lindblom, 1977).

The debate over instrumental and structural sources of power was active in the 1970’s, mostly among Marxist political economists (Poulantzas and Milliband, 1972). In the following decades, the structural perspective appeared in various guises, but rarely explicitly labelled as such, and it is all but absent in the recent empirical literature on unequal representation.⁹² As Culpepper (2015, p. 405) points out, this may be due to the fact that structural power has a “toxic brand name recognition,” and also because it is hard to empirically analyze a phenomenon that involves a great deal of (non-)decisions in response to implicit threats. This is a regrettable state of affairs, given the potential of this mechanism to explain (non-) variation in unequal representation across time and space (Lupu and Warner, 2019), and those working on the topic should think about how to find empirical manifestations of structural power.

Notwithstanding these difficulties, it is worth considering how structural power may have affected the increase in the retirement age. In general, its importance is plausible. In the literature on how economic globalization – and the increased mobility of investments it entails – impacts the welfare state, Brian Burgoon (2001) has shown that old-age pensions are particularly threatened by globalization. An important reason for this is that pensions hurt labor market flexibility and productivity more so than other welfare measures like active labor market policies, and this incentivizes corporations and capital holders to withhold or withdraw investments.

⁹² See the introductory chapter for an overview of this literature. In the concluding chapter, I will return to the absence of structural power in accounts of unequal representation.

The public and political debates contain repeated allusions to structural dependence on markets as a reason to increase the retirement age. This is most explicit in the following exchange during a parliamentary debate, between a senator from the Socialist Party, Tuur Elzinga, and the minister of Social Affairs, Henk Kamp:

Elzinga: “It seems that the financial markets apparently decide what has to happen. I find this sad (...).”

Kamp: “The financial markets are a reality. If the markets see that Italy has a public debt of almost two billion euros and a budget deficit of almost eight percent in the first quarter, the consequence is that they pay high interest rates, namely on the order of seven percent. (...) So the financial markets are a reality. If we succeed with the schedule we have imposed on ourselves, namely [a] three percent [budget deficit] in 2013 and after that decreasing to zero, to get our government budget in order, this will instill confidence on the financial markets and we will profit from that in the form of low interest rates, low investment costs, high employment and low unemployment” (Eerste Kamer, 2012b, pp. 2–3).

As this passage illustrates, the emphasis is not so much on investment decisions by domestic actors, but on the behavior of global financial markets, akin to what are sometimes called ‘bond vigilantes’ by economists. Another example of this sentiment is a joint statement put out in April of 2012 by the three major employer organizations, urging political parties to act in “the national interest”:

“There has be a budget by which the Netherlands has a deficit of three percent in 2013. A decrease in the Dutch creditworthiness which we risk in the absence of such measures only further increases the problems. The reputation of the Netherlands as a financially sound country is at stake. The employer organizations advocate structural measures in the areas of housing and pensions, at least. To this end, the pension bill currently before the Senate must be passed quickly” (VNO-NCW, MKB-Nederland and LTO Nederland, 2012).

Statements like these seem to make it plausible that the disciplining force exercised by financial markets was at least partly for the pension reform. This is further emphasized by Jurre de Haan, pension secretary for VNO-NCW. However, there are good reasons to doubt whether this is actually the case. First, there is the fact that the yoke of markets is only invoked

by actors who have long been in favor of raising the retirement age, well before the supposed budget crisis in 2012. At the same time, a lower creditworthiness would hurt the electorates of left and centrist parties as well, so they have every reason to be worried about this too. It is possible that these parties could not see the constraints imposed by financial markets or decided to ignore them. But it is also possible that right-wing parties and employer organizations used the motto that “there is no alternative” to increase support for a reform that was otherwise hard to sell to the public (for a general statement on this topic, see Watson and Hay, 2003).

This possibility is backed up by several other factors. One of them is that the Bureau for Economic Policy Analysis anticipated that increasing the retirement age would save the government a relatively small amount of money in their budget for 2013. It would only start affecting the budget in a substantial way from 2014 onwards.⁹³ Yet the minister and the employer organizations explicitly point to the need to balance the budget in 2013 as the reason to raise the pension age. In addition, the Eurozone crisis which was in full force in 2012 made it relatively risky to invest in several (Southern European) economies, and the Dutch economy provided something of a safe haven. As a result, interest rates on Dutch government bonds reached historically low levels in 2012 (Organization for Economic Cooperation and Development, 2019e). Given this fact, and given the fact that the total national debt would stay very low compared to most other Western European countries, regardless of the 2013 deficit, it seems highly unlikely that the Dutch economy would suffer severe consequences from a slightly bigger deficit (Organization for Economic Cooperation and Development, 2019b). In this context, the employer organizations’ claim that “[t]he reputation of the Netherlands as a financially sound country is at stake” seems tenuous.

Hence, it appears unlikely that structural dependence on markets can explain the increase in the retirement age. That is not to say that structural power is unimportant for explaining many policy changes across time and space, including the dismantling of the welfare state. However, the recent process of raising the retirement age in the Netherlands, culminating in the 2012 policy change, cannot be explained very well through this mechanism.

5.8 NEOLIBERAL IDEAS

Closely related to the previous mechanism is the influence of a series of ideas about the role of governments and markets in a capitalist society, which can loosely be labeled as

⁹³ This is, for instance, noted by members of the green party (Eerste Kamer, 2012c, p. 11). In an interview, Frank Vandembroucke adds that there was a general tension between the short-term nature of the budget deficit and the long-term impact of the pension reform.

neoliberal ideas. These ideas largely revolve around the perception that government has become too large and that market mechanisms should be (re)introduced to various parts of society through such proposals as lower income and corporate taxes and deregulation of the economy (Harvey, 2005).

At times, it is hard to distinguish between the role of ideas and structural power. However, they are qualitatively different from each other, for the following reason. If frequent references are made to the logic of the market as forcing specific kinds of political reforms, this is possibly a reflection of structural dependence. But if it turns out that these arguments do not hold much water – if, as I have argued in the previous section, economic institutions and interests do not in fact preclude alternative policies – it is the arguments themselves that are a relevant causal factor (for more elaborate reasoning of this kind, see Blyth, 2002). In other words, neoliberal ideas – whatever their exact source may be – should be considered as a separate mechanism behind unequal representation.

As a causal mechanism translating economic inequality into political inequality, the importance of ideas is highly plausible, given that income is positively correlated with right-wing views on socioeconomic issues (Gilens, 2009; Rehm, 2009; Arunachalam and Watson, 2018; see also chapters 2 and 4). In other words, high-income citizens are more likely to embrace neoliberal views than are low-income citizens. At the same time, the causal force of ideas is hard to disentangle from other factors. For one thing, there is always the possibility that the stated motivations of actors do not reflect their real beliefs. Nevertheless, it is instructive and important to analyze these motivations in their context.

Throughout the parliamentary debates and hearings over the increase in the retirement age, parties and organized interests mention several reasons for supporting this measure. As I mentioned above, references to demographic developments – increases in life expectancy and an aging population – are very common. These developments are seen to have created imbalances between the time an average citizen spends in the labor force and the time they spend in retirement. Maintaining a retirement age of sixty-five would, the argument goes, create an unsustainably large tax burden. Since this burden would be borne by younger generations, with older generations reaping the benefits of a low retirement age, considerations of intergenerational fairness also loom large.

However, one motivation deserves a closer look, namely the desire to balance the government budget. This is mentioned time and again as a justification for the policy. In an official document, for example, the minister of Social Affairs writes that “[t]he government now wants

to achieve a faster increase in the retirement age than in previous proposals, because the state of public finances has deteriorated sharply in a short amount of time” (Eerste Kamer, 2012a, p. 2). The quotations presented in the previous section provide additional examples, but the belief is broader than this. That is, it is also held by people and parties who do not (appear to) believe that financial markets would punish the Dutch economy for a larger budget deficit. This includes left-wing parties. During a debate in the Senate, for example, a member of the labor party states that “the MPs of my party are convinced that the pension age has to be raised. The MPs of my party are convinced of the need to achieve a sustainable government budget” (Eerste Kamer, 2012b, p. 3). And during the same debate, a member of the green party supports the same stance by arguing that “[t]he Netherlands faces a major challenge. The economic prospects are not good. If we want to achieve a balanced budget in 2017, we have to cut the government budget by twenty-five billion euros” (Eerste Kamer, 2012b, p. 11).

What makes this noteworthy is that the need to cut government spending amidst a recession is questionable using standard insights from macroeconomics. This remains a hotly debated issue among economists, and this is not the place to settle it, but it seems uncontroversial to say that there is a debate (cf. Blyth, 2013; Alesina, Favero and Giavazzi, 2019). In Dutch politics, however, there was a near-consensus on the need for austerity. Looking at party manifestos for the 2010 parliamentary elections, parties vary in how much they want to cut government spending, varying from nine billion euros (GroenLinks) to twenty billion euros (VVD), but there are no parties who question the need for budget cuts altogether. Given the relatively low level of public debt and the low interest rates paid by the Dutch government, this is surprising. There is also little to no consideration of imbalances within the Eurozone. With the government and the private sector both reducing their debts, the eventual, slow recovery of the Dutch economy was largely driven by exports (Statistics Netherlands, 2015). The suggestion made by economists that economic recovery in the Eurozone would be aided by more exports from Southern Europe to Northern Europe, instead of the other way around, and that imbalances in competitiveness were a major structural cause of the Euro-crisis, apparently never reached Dutch politicians (De Grauwe, 2013). In short, neoliberal ideas echoed in the proposals put forward by both right-wing and left-wing parties.

An alternative explanation for the widespread support for austerity is that the European Union (EU) forced the Dutch government to implement budget cuts. In March of 2011, the EU’s Stability and Growth Pact was amended with a provision that would put large penalties on national governments if their budget deficit exceeded three percent of GDP. It is certainly imaginable that Dutch political parties made additional budget cuts to avoid this fine. However, the reform of the Stability and Growth Pact was widely supported by Dutch parties,

and the Dutch government was among its staunchest supporters in the EU.⁹⁴ Moreover, the debates over the retirement age contain no references to pressure from the EU, with the exception of some statements from the far-right PVV. Therefore, this explanation does not seem very plausible.

5.9 ORGANIZED INTEREST LOBBYING

A fifth mechanism can be labelled as lobbying from organized interests. Organized interests are understood broadly here to include all non-governmental bodies which do not take part in elections but seek to influence the policy process through other means. This is similar to, but slightly broader than the common understanding of interest groups, which would for example exclude corporations (see the review in Jordan, Halpin and Maloney, 2004).

There is a long tradition of scholarship exploring the extent to which organized interests either amplify or drown out the voice of the public in policy making, and very much related to this, the extent to which they contribute to economic skews in political influence. This is most prominently reflected in the pluralist-elitist debates in the 1960's (Mills, 1956; Schattschneider, 1960; Dahl, 1961). After a period where some commentators lamented the separation of research on public opinion and organized interests into two separate literatures, there are now an increasing number of studies which connect the two. To my knowledge, the most extensive study of this kind is the analysis by Gilens and Page (2014), who show that business interests and affluent citizens strongly influence government policy in the United States, while 'mass-based interest groups' and middle-income citizens have much less influence (see also Grossmann and Isaac, 2019).

When considering the role of organized interests in explaining unequal representation, the point of departure should clearly be that their actions can both increase and decrease inequalities. That is to say, organized interests could function as "weapons of the weak" for those who are excluded from representation through party politics (Piven and Cloward, 1979). For instance, unions can provide a strong voice for low-income citizens (Ahlquist, 2017; see also the discussion in the introductory chapter). However, the institutional context of organized interests could also advantage economic elites for whom it is easier to overcome collective actions problems in organizing their demands (Ferguson, 1995, pp. 24–38; Schlozman, Verba and Brady, 2012, pp. 312–346). The question is which of these two possibilities is dominant in various times and places.

⁹⁴ Different parties state their positions in a parliamentary debate on 9 March 2011 (Tweede Kamer, 2011a).

Turning to the case at hand, organized interests featured very prominently in the policy process, such that any account of the pension reform would be incomplete without them. In news reports, parliamentary hearings and debates, numerous interests make their voice heard, including pensioners' associations, pension funds and associations of insurance companies (see, for example, Tweede Kamer, 2010). The most prominent organized interests, however, are employer organizations (including VNO-NCW, MKB and LTO) and trade union federations (including FNV, CNV and MHP). At this point, it should be noted that the demands of rich and poor citizens do not always coincide with those of employer and employee organizations, respectively. In particular, corporations and corporate lobby groups often have different interests than rich individuals.⁹⁵ On this issue, however, the employer-employee divide broadly overlaps with the rich-poor divide in public opinion. Most important of all, unions stood alone in representing the lower incomes, and the increase in the retirement age is partly a story of their waning influence.

Traditionally, Dutch politics operated through a corporatist mode of governance, whereby unions and employer organizations were actively involved in the policy process in an effort to create a broad consensus (Visser and Hemerijck, 1997). This tradition was also applied when it came to raising the retirement age. Starting in the spring of 2009, the employer organizations and union federations mentioned above entered talks to come to an agreement on reform of the pension age. The position of employers was quite clear: the pension age should be raised, this should happen sooner rather than later and, while they were not necessarily opposed to a flexible retirement age, this was much less of a priority for them than it was for unions.⁹⁶ In comparison to the labor movement, employer representatives were not very visible in the public debate, in part because there was much less internal conflict on their side. In part, this is also because employer organizations specialize less in public action and more in internal lobbying compared to unions (Gortzak, 2019). Nevertheless, we can say that employers were in close contact with the coalition parties, as per the corporatist governance model. Employer organizations also appeared in the media through press releases such as the one cited in the section on structural dependence and through interviews, many of which were aimed at putting pressure on unions and parties (e.g. Financieel Dagblad, 2011).

In contrast to employers, the labor movement was starkly divided internally, between those who did not want to raise the retirement age at all or at least wanted major concessions from employers, and those whose position was closer to employer organizations. After much struggling, union representatives and employers came to an agreement in June 2010, and again under a new coalition government in June 2011. Representatives of the two

⁹⁵ For instance, Gilens and Page (2014, p. 571) find no correlation between the preferences of the rich and the position of business interest groups in the United States.

⁹⁶ This is expressed very clearly in the parliamentary hearing in January 2010 (Tweede Kamer, 2010). See also the statement of April 2012 discussed above.

largest unions of the Netherlands – FNV Bondgenoten and Abvakabo, both part of the larger federation FNV – opposed both of these agreements for conceding too much to employers and putting too much of the burden on employees, especially those with low incomes.⁹⁷ Subsequently, many unions organized referenda among their members, and although the members of some smaller unions voted in favor of the agreement, members of the two largest unions overwhelmingly rejected it (Algemeen Dagblad, 2011b; EenVandaag, 2011; Parool, 2011). Despite this opposition, the heads of the union federation stuck to the agreement, causing great turmoil within the labor movement and almost splitting the main union federation (FNV) in two.

Much more can and has been said about the specifics of these events (see Tamminga, 2017, chaps 8–9), but a few key implications stand out. First, the above suggests that the leadership of the movement was disconnected from its base, or at least a numerical majority of its base. Some have interpreted the pension agreement in this way (e.g. Engelen, 2014, p. 192), and it is easy to imagine mutually beneficial backroom deals between union and employer representatives. But it is not necessarily the case that there was such a disconnect. After all, what alternative did the union representatives have? Their bargaining position was weak, first and foremost because of dwindling membership. In 2012, less than twenty percent of all Dutch employees were members of a union, down from forty percent in the 1960's (Organization for Economic Cooperation and Development, 2019f).⁹⁸ This is reflected in an absence of large scale protests or strikes during and after the pension negotiations; there were only smaller protests and petitions (e.g. Reformatorisch Dagblad, 2011). Given that much of the labor movement's strength stems from public pressure, as mentioned above, this is a significant factor. Further weakening labor's bargaining position was a hostile ideological climate (see the section on neoliberal ideas above), which is intricately connected with the decline of unions itself (Tamminga, 2017; Jongerius, 2019).

This weakness was reflected and cemented by the position of Henk Kamp, the minister of Social Affairs. While the union federations were trying to come up with a unified position, Kamp repeatedly stated that he would go ahead with the original policy proposal if employers

⁹⁷ In an interesting case of internal conflict, Abvakabo was less opposed to the agreement than Bondgenoten, but the former did not want the latter to be able to claim a martyr role as the only opposition within the union federation (Gortzak, 2019).

⁹⁸ In addition to the number of union members, the composition of union membership is also relevant for understanding the power of the labor movement. If union members were more affluent in the past than they are in recent times, this is likely to contribute to decline influence of labor as a whole (Gortzak, 2019). To explore this possibility, I compare the Dutch Parliamentary Election Studies of 1971 and 2012. This shows that, in 1971, being a member of a union shares a low, positive (point biserial) correlation with income ($r = 0.094$; $N = 1956$) and education ($r = 0.069$; $N = 2243$). In 2012, there is a lower correlation between union membership and both income ($r = 0.052$; $N = 1675$) and education ($r = 0.023$; $N = 1593$). Hence, there is some marginal evidence that union members have become poorer and less educated compared to the general population over time. However, the differences between the two years are quite small, so the general trend of declining membership is probably more relevant than the changing composition of members (results available upon request).

and employees could not come to an agreement.⁹⁹ He added that this original proposal was less generous towards employees (Algemeen Dagblad, 2011a). Clearly, the labor movement was on the back foot, and it seemed that all they could do was try to minimize their losses.

Moreover, the policy change that was eventually adopted in July 2012 was *not* based on the pension agreement between employers and employees. The adopted policy was harsher to employees than the pension agreement, among other things by raising the retirement age much more quickly. After the turmoil within the labor movement following the June 2011 agreement with employers, the main representatives of the biggest union federation stepped down and an effort was undertaken to reform the federation to heal the deep divisions that had emerged. While the labor movement was in this incapacitated state, a broad coalition of political parties cast the pension agreement aside, motivated by new economic forecasts and what they perceived as the need for more austerity (Jongerius, 2019). In the words of Peter Gortzak, “the division within the FNV created an atmosphere that made it easier for parties to breach the pension agreement” (Gortzak, 2019). Hence, despite the enormous effort and cost that went into coming to this agreement, the labor movement still lost on several key points.

All in all, the relative weakness of unions made it possible for the pension reform to be put on – and stay on – the political agenda. Their weakness and division meant that they had to make large concessions in negotiations with employers, and they were powerless when even this agreement was largely cast aside. What makes this all the more striking is that this was an issue of great importance to unions, given its aging membership base (Engelen, 2014: 192). Even on this issue, then, the imbalance between employers and employees was apparent.

5.10 POLITICAL PARTIES

Finally, we can say something about the role of political parties. As noted in the previous chapter, political parties are a major institution in democratic theory and practice, functioning as the primary vehicle that connects citizen demands to policy outcomes. For this reason, it is important to analyze their role in bringing about unequal representation. The basic hypothesis here is that left-wing parties represent the preferences of the low incomes over the high incomes, while the opposite should hold for right-wing parties (see the more elaborate discussion in chapter 4).

If we again look at party manifestos for the 2010 parliamentary elections, the different parties

⁹⁹ In a way, this mirrors the events of 2009, when the then-minister of Social Affairs, Piet-Hein Donner, told representatives of employers and employees that he would raise the retirement age unless they could come to an alternative agreement within six months (Gortzak, 2019; Jongerius, 2019).

position themselves largely in accordance with this hypothesis. The biggest right-wing party, the VVD, expresses a desire to raise the retirement age very quickly, starting in 2011 and reaching sixty-seven in 2023 (VVD, 2010, p. 12). Notably, it does want to make an exception for people who have worked for forty-five years by the age of sixty-five. D66, a liberal democratic party, offers a similar proposal as the VVD, but without the exception for people with long careers. Their platform also includes tying increases in the retirement age to increases in life expectancy from the 2020's onwards (D66, 2010, pp. 24–25). The Christian democratic party CDA proposes a slightly more gradual rise in the retirement age, but like D66, does not want to make exceptions for people with low incomes and/or demanding jobs (CDA, 2010, p. 44). The PvdA, the social democratic party, favors a more gradual increase still, from 2020 onwards, with provisions for early retirement for those who are “worn out” by the age of sixty-four (PvdA, 2010, pp. 36–37). The green party, GroenLinks, speaks of a flexible pension that allows those with low incomes and/or demanding jobs to retire earlier. Their way of achieving this – allowing people to retire after they have worked for forty-five years – is remarkably similar to the VVD (GroenLinks, 2010, pp. 21–22). Finally, there are a number of parties who are opposed to any increases in the retirement age, namely the socialist party SP (2010, p. 7), the right-wing populist party PVV (2010, p. 21), and the party for people above the age of 50, 50PLUS (2010).

Of all these parties, the PVV sticks out here as a party whose stance does not seem to align with their left-right position. Although the party did agree to raise the retirement age to sixty-six in the coalition agreement, which it supported as a junior coalition partner, it strongly opposed further reforms. This eventually led to the collapse of the coalition in April 2012. Their stance can be understood as a typical example of what is called “welfare chauvinism,” the defense of welfare state measures for native Dutch citizens (De Koster, Achterberg and Van der Waal, 2012). Since pensions mainly benefit older, native citizens, who form a large share of the party's base and who are seen as deserving recipients of welfare, the party staunchly defends generous pensions. This is notwithstanding the fact that the party holds right-wing positions on other economic issues, at least judging by its platform and voting behavior in parliament (Pellikaan, De Lange and Van der Meer, 2018).

Returning to the other parties, the statements made by parties, both in parliament and in the media, by and large echo their election platforms. Concerns about the reform's impact on people with lower incomes are voiced by left-wing parties, while right-wing parties downplay these concerns and focus on the need to balance the budget. Over time, however, most parties shift somewhat to the right. This is most apparent in the case of the SP, PVV and 50PLUS, who all abandon the position that the retirement age should remain sixty-five. CDA, PvdA and GroenLinks also shift their stance, in the sense that they start favoring quicker and more

sudden increases in the retirement age than put forward in their election programs. The VVD abandons the notion that people should be able to retire at age sixty-five if they have worked for forty-five years. Most striking of all is the fact that the policy which is adopted in 2012 combines the most austere parts of different parties' 2010 platforms: quick and sudden increases in the retirement age (VVD), no exceptions for people with long careers, low incomes and/or demanding jobs (CDA/D66) and a one-to-one link between the retirement age and life expectancy starting in the 2020's (D66). This shift between 2010 and 2012 could be explained by the other mechanisms discussed above: the weakness of unions relative to employers, the dominance of neoliberal views amplified in the context of an economic downturn, and biases in descriptive representation.

What does this mean for the hypothesis? It is quite clear that left-wing parties are closer to low-income citizens than are right-wing parties, not only in their rhetoric but also in their policy stances. Among other things, left-wing parties pushed for a flexible pension that would allow people with demanding jobs to retire earlier, which mostly concerns low-income citizens. This did not make it into the bill because of opposition from centrist and right-wing parties. However, the expectation that left-wing parties would champion the demands of the poor over the rich is not borne out in the pension reform. Instead, the conclusion is the same as that of chapter 4: left-wing parties represent different economic groups more equitably than right-wing parties, but they are nonetheless biased in favor of higher incomes. This is most evident in the participation of GroenLinks in the agreement of April 2012 to make additional budget cuts, which included the rapid increase in the retirement age. And while the PvdA did not take part in this agreement, it supported important parts of the policy change.¹⁰⁰ As shown earlier, both parties embraced the need for austerity, rejecting traditional Keynesian policies. The SP partly differed in its stance, but it was too marginal to make much of a difference. In essence, political parties were more homogenous in their views than the general public, which was largely caused by the relative lack of parties defending less drastic and more generous reforms.

5.11 CONCLUSION

In this chapter, I have attempted to outline and evaluate different ways in which the demands of rich citizens receive more weight in the policy process than the demands of the poor. To this end I selected one of the observations from a quantitative analysis of unequal policy

¹⁰⁰ The decision to further increase the speed by which the retirement age is raised was taken while a member of the PvdA (Lodewijk Asscher) was the minister of Social Affairs and Employment (see the section on descriptive representation above). Roos Vermeij, then-representative for the PvdA, refers to this as the most painful moment of her political career and adds that, while many saw this as a necessary compromise in the context of coalition bargaining, there were also some PvdA MPs who supported it on its own terms.

responsiveness in the Netherlands (chapter 3), namely the increase in the retirement age in 2012. In the events and debates surrounding this policy change, I identified six potential causal mechanisms: party finance, descriptive representation, structural dependence on markets, the influence of neoliberal ideas, lobbying by organized interests and biases in party politics. There was no clear evidence to support the role of party finance and structural power, while the importance of neoliberal ideas, lobbying and party politics was corroborated. Finally, the evidence for descriptive representation can be described as suggestive.

In broad terms, this suggests the following summary narrative. The weakness of unions as the main organized interest representing the preferences of lower incomes, especially in 2012, explains the political feasibility of the policy despite opposition from a large part of society. Neoliberal ideas were expressed through a strong belief that an economic downturn warranted welfare state retrenchment, which explains the timing of the reform and the remarkable speed with which the retirement age was raised. A bias in descriptive representation shows up through the fact that many people involved in the policy process had never worked outside of politics or academia, which potentially influenced their views towards work and retirement. Finally, and possibly as a result of the previous three mechanisms, most left-wing parties did not champion the demands of the poor, allowing the reform to pass through parliament with widespread support.

Much has happened since the 2012 policy change that was at the center of this chapter. As I briefly mentioned above, the pension law was reformed again in 2015 to increase the retirement age more quickly than was agreed upon in 2012. Perhaps the most noteworthy development came in the summer of 2019, when unions and employer organizations came to a new pension agreement after years of negotiations. This agreement – which was supported by a majority of political parties – represented a move away from welfare retrenchment. One important illustration of this is that, under the agreement, the retirement age will eventually increase by eight months for every one-year increase in life expectancy. In the long run, this makes for a much smaller skew between years spent in the labor force and years spent in retirement. While a full analysis of these recent events would require its own chapter, it is likely that this was influenced by the improved state of the economy and the continued pro-cyclical thinking of Dutch policymakers (De Haan, 2019; Jongerius, 2019). One other, suggestive fact deserves to be mentioned: labor unions organized a large-scale strike in May 2019, and an agreement with employers was reached soon afterwards. Such large-scale action was absent in 2012. Perhaps, then, this is further evidence of the importance of the balance of power among organized interests.

Needless to say, this study is not without its limitations. First, I have not provided a full, in-depth process tracing analysis of the different causal mechanisms, as I mentioned near the beginning of this chapter. As a result, the analysis is somewhat exploratory and the evidence I present does little to produce a precise causal configuration of different mechanisms. Given the magnitude of the research question, this is only a first step towards answering it.

Second, there is the very real possibility that influential events in the policy process were hidden from view to anyone who was not close to them. For example, one can imagine backroom deals between employers and politicians where the latter promised to support the policy in exchange for favors from the former. Missing out on events like these would bias my account of the causal mechanisms. However, it is important to note that this would imply that I have underestimated the significance of lobbying by organized interests. Given that this already plays a large role in my account, this would alter the emphasis of the conclusion but not the general thrust.

Third, the analysis has focused on one instance of policy change, raising the obvious question of generalizability. On this point, I can only speculate, but it is likely that neoliberal ideas, biases in organized interest lobbying, descriptive representation and party politics affect more policy areas than the pensions issue explored here. For example, unions represent the lower incomes on a whole range of issues, and their declining influence should have broad repercussions accordingly. This is particularly true for socioeconomic issues – that is, questions of redistribution, taxation and social policy. It is likely that these mechanisms are less relevant for sociocultural issues like immigration. As for generalizability beyond the Netherlands, this is also an open question. Yet, across a range of established democracies, unions are in decline (Organization for Economic Cooperation and Development, 2019f), neoliberal ideas are influential (Blyth, 2013), there are skews in descriptive representation (Best, 2007; Bovens and Wille, 2017) and left-wing parties do not represent the poor better than the rich (chapter 4). This makes it plausible that the same account applying to recent Dutch social policy reform may apply to other countries. The bottom line, however, is that the generalizability of this chapter's narrative is an empirical question that future research should explore.