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A lesson for Asia? Maintaining socio-economic security in old age: *a European perspective*

ALAN WALKER

Western Europe's combination of declining fertility and death rates have resulted in increased longevity and population reduction. Many of its regional populations stopped growing in the late 20th century, and most will level off or decrease before 2030. By 2015 some will have average ages of between 44 and 50. Until recently policy makers and the public did not grasp the implications of these remarkable transformations. Scaremongering apocalyptic demography prevented rational debate about societal ageing and led to short term fixes rather than long term planning.

Overall, Western Europe's approach is successful, with an average at risk of poverty in old age rate of 12%, but with variations. Countries with corporatist-conservative regimes – Germany, France, Belgium, Austria, the Netherlands – have a poverty risk that declines with age; as pension systems matured, poverty risk shifted from older generations towards younger one-person households and those with two or more children. In contrast, under liberal and southern regimes, particularly Ireland, Greece and Portugal, poverty rates among older people are substantially above the average. Countries with social democratic regimes have the lowest poverty rates for all age groups.

Old age socio-economic security is not purely a function of development but also of social policy. In other words, politics matter. Across Western Europe poverty in old age is a minority problem but with well-known structural divisions: highest poverty incidence occurs among older women, particularly widows; higher poverty risk occurs among the very old; old age income inequalities mirror differences in former employment statuses; and low incomes and poverty among older migrants is a growing problem (Walker and Maltby 1997). Deprivation is higher among the elderly than other age groups across all European countries, but older people themselves give Western Europe's state pension schemes high marks.

The European approach to pension system sustainability

How can this policy be sustained? EU pension systems are continually subject to reforms; the compromise between the original system's aims and the reforms' ideological impetus is precarious. This reform process is part of global sustainability discourses and policies, reflecting the goals of international governmental organisations (IGOs) – the World Bank, IMF and WTO. The IGO role in framing the sustainability discourse should be subjected to close scrutiny. Stone (2004) argues that IGOs function like epistemic or knowledge-based expert communities, echoing the role of national think tanks, though with greater resonance. They have purveyed what look like single-minded policy prescriptions. Directly intervening in Eurasian transition economies and Latin America, they identify issues, help shape global and national debates and propose solutions with authority enhanced by globalisation. The World Bank's 1994 report *Averting the Old Age Crisis*, for example, set the pension reform agenda in the name of sustainability for both North and South (MacKellar 2000; Ervik 2005). Even within the EU these prescriptions have been influential, such as in Italian and Swedish pension reforms (Scharpf 1999; Scharpf and Schmidt 2000; Streeck 1999; Daly 2001).

There is no evidence that European welfare systems are converging towards a neo-liberal regime in which the state's role is residual to the market; restructuring has not undermined their institutional design and core principles (Barbier 2004). However, given the policy direction within Member States, neo-liberal ideas and policy prescriptions dominating current debate over welfare state sustainability could lead to the European social model's fundamental revision (Walker 2005). The UK leads in systemic reforms: labour market deregulation, privatisation, marketisation, switching from universal social security to selective or means-tested benefits, from universal services to a combination of self-help and user charges, and an emphasis on activation. Welfare policy's engine has shifted from social justice to economic investment (welfare's productive role). Most Member States have adopted the 'Third Way' politics of welfare 'modernisation'. Moreover, the 2004 and 2006 accessions of new Member States from Central and Eastern Europe introduced welfare systems transformed by neo-liberal policy directed by the World Bank (Ferge 2002). All this reform activity dented confidence in Europe's pension systems, yet no radical departures have occurred. The economic interpretation of sustainability dominates, but ample references to social policy issues suggest awareness of the risks of 'modernising' the European social model.

Developing a new sustainability paradigm

Global neo-liberal hegemony, which in its pursuit of market interest increases inequality and insecurity, favours the powerful and socio-economically secure, and breaks down the state's role as provider, may undermine the original EU pension system goal of universal socio-economic security in old age. To prevent this, a new approach is necessary. The narrow basis of sustainability discourses and policies – that economic sustainability drives pension and social protection reforms – must be rejected, as this neo-liberal interpretation (the public is by definition not sustainable) entirely lacks a social dimension.



Photograph by Chalmers Butterfield

The 'social quality' paradigm inspires a new approach (Walker 2007). Social quality is 'the extent to which people are able to participate in the social, economic and cultural life of their communities under conditions which enhance their well-being and individual potential' (Beck et al. 1997: 16). Achieving individual social quality depends on socio-economic security, social inclusion, social cohesion and social empowerment. Theoretically, what constitutes the 'social' are the interdependent processes of self-realisation (always gained in a social context) and collective identities that the individual encounters (families, communities, companies). The 'social' is thus the starting point for all relations and policies regardless of whether they are labelled economic or social. Furthermore, social quality's key realm is people's everyday lives.

Four elements of social welfare's potential contribution could establish a framework for a new approach to welfare sustainability. First, in contrast to the present tripartite approach – economic, ecological and social – social quality provides a holistic conception. The economic and ecological dimensions are embedded in social relations and, therefore, within social quality. With social quality as the goal, a combination of ecological, economic and social policies are obviously required, as only a comprehensive

approach will achieve the necessary steps to sustainable social quality. It may be possible to liberate discourses from their economic straitjacket that in welfare terms offers only a race to the bottom. This paradigm shift would be particularly helpful in Asia, where institutional welfare has negative associations (Gough 1999; Chau and Yu 2005).

Second, a social quality perspective stimulates discussion about conflicts between the ecological, economic and social dimensions of sustainability and sets an agenda for policy makers regarding the impact of all three on social quality. Third, it emphasises outcomes for citizens (socio-economic security, inclusion), which helps to democratise policy making. As citizens gain access to tools to understand and measure their conditions and well-being, policy making is transformed: sustainability gains a political dimension. Fourth, social quality transcends the inherent conservatism of welfare sustainability discourses by raising questions about what is being sustained. Typically, different welfare arrangement outcomes, in terms of social quality, are weighed, and only then is how to sustain them addressed. This spawns many normative issues, for example, the basis for distribution and redistribution. Social quality is open about its normative dimension, permitting variations in social quality goals depending on national development, culture and values. Thus social quality's measurement and policy goals differ across the globe. Core theory and conditional factors remain the same, but their measurement and policy implications are subject to developmental and cultural context.

Transformational power

Social quality can potentially liberate present discourses into a more holistic and participative framework. Rather than focusing only on economic or environmental policies and trade-offs, policy makers would need to test all policies for social quality impact and openly discuss how to achieve social quality and the costs of failure. Economic or financial sustainability, rather than dominating, becomes one question among several addressing society's nature and citizen well-being, entailing a paradigm shift in both social policy analysis and policy making. This is as true and necessary in Asia as it is in Europe. In either, the economy repeatedly subverts social priorities (Walker 1984; Beck et al. 1997; Yang 2003).

The social quality concept's transformational power is illustrated by the EU's main positive policy response to population ageing and pension system sustainability: 'active ageing'. It contrasts with negative retrenchment and emphasises the demand side, especially the neglected fourth pillar of retirement income (Reday-Mulvey 2005). Within a narrow economic paradigm, however, active ageing policy mainly makes people work longer, which most citizens, especially older people, reject. From a social quality perspective it is possible to reconstruct the active ageing idea into something more comprehensive and potentially liberating. WHO took a step in this direction with its health-oriented approach, which can be expanded into a life course perspective that privileges social relations and interprets economic relations in social terms. Thus it is possible to switch attention from economic/financial goals to broader social considerations, such as the conditions in which people grow old. This refers not only to socio-economic security but all four conditions that determine later life's social quality. This shift also allows older people (and others) to define social quality's objective and normative aspects.

The European concept of social quality has global potential. Asian welfare regimes will never mirror European ones, but dialogue (and comparative research) from our different perspectives can produce a common template to assess everyday circumstances and well-being and develop appropriate policies to ensure the social quality of later life in both East and West.

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References

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