Craig Berry, *Pensions Imperilled*. Oxford: Oxford University Press by Craig Berry, 2021, 352pp., £75 (hardcover), ISBN 0198782837.

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"All forms of pensions provision are collective in practice". Pensions are a way to manage uncertain futures and rely on the collective participation of individuals of various ages to be sustained. Because envisioned futures fail to materialise, pension systems require a "temporal anchor", an institutional mechanism guaranteeing the stability of long-term intergenerational relations and promises that underpin pension provision. This is, in a nutshell, the theoretical premise of *Pensions Imperilled*, by Craig Berry, which traces the history of UK – private – pensions. Specifically, it shows how the recent move towards further individualisation, by removing any "temporal anchor", ultimately imperils pension provision.

The book analyses such changes mainly from the point of view of public policy. The move towards individualisation has been largely engineered by the state, most crucially with the implementation of the automatic enrolment of private-sector employees into defined contribution (DC) workplace pensions, where pension outcomes depend entirely on employers' and employees' contributions and the returns obtained by their investment in financial markets. In doing so, public policy is adapting to wider socio-economic processes, such as deindustrialisation and financialisation, but it is also led by specific agendas in response to the perceived "pension crisis" caused by population ageing, which is taken as a justification to reduce the burden of pensions on the state and employers. This, Berry argues, is empirically questionable and a more nuanced understanding of the drivers of statecraft into the area of pension provision is required.

Pension provision in the UK is an interesting case study and, in many ways, has always been a peculiar one in Europe. This can be traced back to what Berry calls the "liberal collectivist experiment" in Chapter 2: a system organised around generous private defined benefit (DB) schemes, where pension outcomes were guaranteed, but where participation remained largely voluntary and with limited state involvement. This liberal orientation caused (and arguably still causes) selectivity in pension provision, as a significant part of the population with less stable employment remained excluded and had to rely on a less generous Basic State Pension.

Although the liberal collectivist experiment might be over, as the UK has decisively moved towards individualised pensions for most workers, its pension provision remains hard to classify according to the standard taxonomies. As shown in Chapter 3, it both escapes the tiered or multi-pillar schemes proposed by international institutions like the World Bank, as well as the categories of Welfarist literature, which tends to place the UK into a "liberal" welfare regime. These literatures tend to have an overly positive or technocratic view about the role of the state in pension provision; fail to highlight the key distinction between individualised and collectivist pension provision; they do not sufficiently recognise the role of the so-called pension industry and the wider capitalist economy; and ultimately do not interrogate what the nature of a pension is and how it copes with the uncertainty about projected futures. This highlights the conceptual contribution of the book, as it significantly broadens the conventional tools used to analyse pension provision.

Chapter 4 focuses on the – declining – DB side of pension provision. Its demise is the result of private-sector employers signalling their unwillingness to act as a "temporal anchor" for the system. This was not a necessary consequence of longevity, or the product of contingent factors like changing regulations and the stock market crash of the early 2000, but a sign of the (perceived) incompatibility between the short-term profit imperatives of modern capitalism and the provision of a guarantee to pension incomes. The legacy of collectivist pensions is however here to stay, at least for a while longer, as most public-sector employees remain members of DB pensions, and the state also became the new – albeit limited – temporal anchor for some private sector pensions, through the Pension Protection Fund, which takes over pension schemes of insolvent employers. This "substitutive" role of the state, which is forced to intervene to pick up the failures of pension policies, is an important theme throughout the book and is also highlighted in Berry's recent article (2021).

The marked shift towards individualised pension provision and their shortcomings are discussed in Chapter 5 and Chapter 6. "Auto-enrolment" in DC pensions is the key policy outcome of the work of the Pensions Commission led by Adair Turner, based on the rationale of a perceived ageing crisis and the associated behavioural problem of under-saving, which the Commission proposed to counter with the "soft compulsion" of an opt-out scheme. This approach, Berry argues, is not fully consistent: it necessarily emphasises individual responsibility about pensions while simultaneously arguing for 'nudges' to counter limited individual rationality. Moreover, the concrete implementation has gone even further than the Commission's recommendations by fully marketising pension provision, forgetting that financial markets are themselves prone to erratic outcomes due to the limited rationality of its participants.

As a result, workplace pensions are now largely provided by insurance companies with many problems still unresolved. Regulation and governance remain complex, workers accumulating small pension pots are not able to transfer them across jobs, costs and fees remain high. The state still plays an important role, for example through tax relief, but again only as a last resort and with seemingly less concern for actual pension outcomes. These have instead become even more uncertain, as a result of 'pension freedom', i.e. the fact that pensioners are no longer required to purchase an annuity at the point of retirement.

In Chapter 7, the book focuses on asset allocation. It is here perhaps that the impact of and contribution to financialisation can be more directly seen. Despite the expectation placed on pension funds to be steward of stable and socially-responsible investment, strategies have become defensive, by investing a greater proportion in highly liquid assets such as government bonds and more short-term oriented, with a greater involvement of the asset management industry. Again, Berry makes the argument that this is to some extent inevitable, as in the absence of a "temporal anchor" time horizons necessarily shorten, and defensive strategies become a rational response to the vagaries of financial markets.

Apart from the undeniable success in enrolling more people into 'a' pension, the emerging overall picture "is probably bleak". The book concludes with some proposals for change, some more politically feasible – at least in the medium term – than others, all with the goal of restoring a degree of collectivism in pension provision and reduce the inequalities and distortion of the present system.

Even just as a detailed overview of the complex state and evolution of the UK pension landscape for political economists, the book makes a vital contribution. But the book achieves more than that: it provides a critique of dominant approaches to the study of pensions and puts forward an innovative conceptualisation of pensions and their provision, which can be applied to other contexts. Perhaps the one limitation is that in some cases this could have been developed even further. For example, the relationship between the UK pension provision and the wider capitalist context could have been more fleshed out, by establishing more directly how the distinctive context of the UK growth model and evolving financial system shaped pension policy. Berry is keen not to be reductionist and to reassert a degree of autonomy for UK pension policy, partly in contrast to the American case as depicted by McCarthy (2017), but "how pensions provision contributes … to nationally constituted capitalist growth models" is a theme that is not always fully visible in the book.

This notwithstanding, the book is highly recommended to anyone having an interest in pensions, and in general to scholars interested in public policy and financialisation. After all, as the book states: "there is of course much more to life than pensions – but not as much as we might assume".

References

Berry C (2021) The substitutive state? Neoliberal state interventionism across industrial, housing and private pensions policy in the UK. *Competition & Change*, 1024529421990845.

McCarthy MA (2017) *Dismantling Solidarity: Capitalist Politics and American Pensions since the New Deal*. Ithaca: Cornell University Press.