

BOOK REVIEW

## Retirement, Pensions and Justice: A Philosophical Analysis

Palgrave Macmillan, 2017. By Mark Hyde and Rory Shand. €46. 148 pages.

Andre Santos Campos  and Zachariah Taylor 

Nova University of Lisbon, Campolide, Lisbon

(First published online 23 April 2021)

Mark Hyde and Rory Shand's book is a remarkably original and interesting admixture of two fields of study that do not often intersect: retirement pension design and political theory. Their starting point is a solid commitment to liberal theory, and their objective is to trace the most appropriate foundations for justifying retirement pension schemes that are both fair and efficient. The result is an inquiry into liberal normative justifications for pension designs within public policy analysis.

The book has five chapters, the first being the introduction, the last, the conclusion. After singling out the primacy of liberty in their analysis, the introduction outlines each chapter's mechanical structure: libertarian and utilitarian interpretations of the principles under consideration are pooled under the wide umbrella of classical liberalism, whilst prioritarian and luck egalitarian perspectives represent the liberal egalitarian camp. The following three chapters each analyse a relevant standard of consideration for pension design: need (Chapter 2), desert (Chapter 3) and citizenship (Chapter 4). Need and desert correspond respectively to the first two traditional pillars of pension schemes,<sup>1</sup> functioning as their underlying justifications. A general liberal understanding of citizenship is deployed to tie together this exploration.

Hyde and Shand open Chapter 2 with a definition of need as “the ‘minimum threshold’ of resources and opportunities that are necessary for agents to function optimally in a social context” (pp. 27–28). Classical liberals, narrowed down to libertarians and utilitarians, view the satisfaction of need as a voluntary concern tied inextricably to the ability to exercise one's freedom. Egalitarian liberals, on the other hand, endorse a considerable level of state support in satisfying need and hence improving the circumstances of liberty. Rawls and Dworkin (prioritarian and luck egalitarian, respectively) are inevitably introduced before appropriate pension designs are considered under the assessment criteria of access, adequacy and sustainability. Hyde and Shand conclude with a general endorsement of a universal citizen's pension on account of being the most efficient available mechanism to provide for basic needs for all retirees, especially those closer to a minimum standard of living.

Chapter 3 tackles economic desert. Contrasting positions within liberalism are acknowledged, and a split is considered between prioritarians and luck egalitarians on the topic of agent responsibility. Hyde and Shand endorse a broadly luck egalitarian stance when assessing various existing pension designs under the criteria of security, inclusiveness, and fittingness and then, accordingly, identify three priorities: neutralizing brute luck, optimizing option luck, and ensuring consistency of treatment. A defined benefit scheme is proposed, which could be complemented by state-provided remuneration along the lines of a contribution rate for unpaid domestic work.

Peventually, the place of citizenship within the literature on social security is brought to light. The authors then explore their chosen perspectives: libertarian, utilitarian, a Rawlsian understanding of citizenship (the amalgamation of political, civil and property rights), and a luck egalitarian

<sup>1</sup>Cf. World Bank, *Averting the Old Age Crisis* (Oxford University Press, 1994): pillar one is vertical, establishing a relation between states and retired individuals; pillar two is horizontal, establishing savings schemes between individuals and employers and corporations.

reflection on self-ownership and property rights. The chapter serves as a preliminary conclusion that connects need and desert. Citizenship is here concerned with the design and impact of retirement systems as a guarantee of liberty. Hyde and Shand revive their support of a universal citizen's pension but give additional thought to 'universal normal retirement age' and the right to work.

In their conclusion, Hyde and Shand tie together their critiques of the social policy analysis field of inquiry, primarily focusing on the mischaracterization of liberalism. Their critiques of social policy analysis are reiterated in the concluding remarks but, despite their mild egalitarianism, the perceived paternalism of the welfare state is consistently questioned. This stands alongside the bias toward broad notions of fraternity and solidarity which the authors argue denies sufficient freedom for the individual pursuit of a conception of the good.

Overall, the book delves into a topic that has not been sufficiently explored in political theory, making it immediately a valuable contribution to the field. The text is not overly charged with useless jargon, and it is easy to follow. Most importantly, concerning the objective of establishing fair retirement pension schemes, readers are left with a sense of empathy toward the conclusions.

Notwithstanding, given the pertinence and the broad practical range of the topic, by the end of the book a sense prevails that the authors fall short not only of exploring sufficiently the main problems that retirement pensions pose to contemporary political theory, but also of structuring their arguments in a way that follows coherently from their preferential liberal frame of reference.

Hyde and Shand's position is that there is no overarching principle that establishes fair pension design – retirement policy involves attention to standards concerned with liberty and security. But they emphasize the priority of liberty above and before any discussion about need, desert, or citizenship. In this light, the readers will find it rather perplexing that the authors begin their argument discussing 'need' as the ordinary justification of the first pillar when conceptions of justice based on 'giving to each according to their needs' are traditionally Marxist in origin, not liberal. Would not the priority of liberty lean the argument to begin with a robust conception of liberty in pension design from which other standards would follow? Instead, the authors tie together their conception of liberty only via the concept of citizenship discussed in Chapter 4. The chapters thus seem to be out of their expected argumentative order. The chapter on citizenship should begin the argument; the chapter on desert should follow, as the standard value of negative liberty; and the chapter on need would conclude the argument, as a defense of positive liberty. By following the order of the pillars rather than the standards that make sense from a starting point that prioritizes liberty, the authors' argument does not seem particularly well structured.

An additional difficulty is that the authors often rely on arguments from efficacy to justify their choices. For instance, the universal citizen's pension scheme is presented as the best because it is the most efficient to achieve results in accordance with the principles of fairness that protect against financial insecurity. This means authors are sensitive and attentive to the relation between theory and practice. But, then, why is the book focused only on arguments and standards of justice discussed in political theory and does not engage with the underlying justifications of retirement schemes already in play? Many welfare states seem to have complex retirement pension systems that have certain norms justified by need, others justified by desert, etc. just like the authors claim. The book, however, is silent about underlying normative justifications of empirical experiences, which are seldom (if at all) mentioned.

This is an important detail because it leaves out many of the most challenging theoretical (political and moral) problems faced today by retirement systems. For instance, demographic ageing leads to severe sub-financing issues and potentially to conflicts between generations – not only between the young and the old but also between present and future generations. Readers intent on finding something relevant in Hyde and Shand's book on these problems are destined to feel disappointed.

But other absences are also noted. The authors do not explicitly discuss sufficientarianism, which is strange when debating pension schemes that aim to reduce vulnerability (based on age). In the discussion of 'need', only a perfunctory attempt is made to define a sufficient 'minimum threshold' for the satisfaction of need enabling the pursuit of one's conception of the good. Furthermore, they overlook

equality as a fundamental normative principle. When considering need in particular and citizenship more generally, surely equality should feature more prominently in any just pension design. Reflecting this absence, the book devotes insufficient attention to unpaid domestic labour and the economically disadvantaged, such as workers in the gig economy and those on zero-hour contracts with little or no protection against precarity.

Finally, certain concepts could be clarified a bit more clearly. Liberalism is a vast terrain to navigate, but this monograph would undoubtedly have benefitted from a more comprehensive awareness of its conceptual surroundings. One example is the authors' use of the label neoliberalism in the conclusion as synonymous with *laissez-faire*. Curiously, Hyde and Shand present the liberal endorsement of a market economy by simply lumping together several *laissez-faire* perspectives under their classical liberal label, all while consistently citing authors known for their market fundamentalism (e.g. Hayek & Friedman). Whilst there is no denying neoliberalism's frequent (mis)use as a conceptual catch-all term, Hyde and Shand only contribute to the inexactitude surrounding the term with their imprecise invocation of the liberal/neoliberal conflation and mischaracterization.

On the whole, whilst the book misses some of its main aims and lacks a degree of clarity in conceptual and structural awareness, it nevertheless provides a solid precursory platform to peer at some normative justifications of pension design.