

Reviews

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James A. Wooten, *The Employee Retirement Income Security Act of 1974: A Political History*, University of California Press, Berkeley and Los Angeles, 2004, 415 pp., hbk \$65.00, ISBN 0 520 24273 9.

This book is two in one. First, we are given a detailed historical description of the parameters of private pensions in the United States, their development and the pressures for reform which culminated in the important Employee Retirement Income Security Act of 1974 (ERISA as it is popularly known). Secondly, we have a blow-by-blow, committee-by-committee account of the United States legislative process. The basic thesis is that the introduction and passing of a major piece of US social legislation was the result of dogged determination, tactics and commitment to a cause by administration officials, led by a key campaigning Republican Senator, Jacob K. Javits, in the face of interest group opposition. The officials saw it as the ‘right thing to do’. Although there was much ‘self-seeking’, this is very different, it is stated, from the interest group politics we are taught are the basis of US politics – nothing gets done without key pressure group support or initiative. The implicit message is that there is hope for us yet when the ‘public interest’ so clearly triumphs over ‘special interests’. ‘The campaign for pension reform was as much a debate over competing values as it was a struggle among conflicting interests’ (p. 7).

The problem with the hypothesis is that no comparative political science work is cited for the pressure-group dominance theory, or for that elusive concept, ‘the public interest’. ‘Special interest’ is frequently coterminous with ‘public interest’, or is said to be. Or, if ‘special interests’ are opposed to a policy, does that make it in the ‘public interest’? Do public officials define the public interest? Do voters? Do activists or academics? This may not matter. The summary of the different and opposing purposes of pensions which then went into play in the reform process is excellent, in particular the ‘personnel theory’ of pensions (acting in employers’ interests), and the ‘worker security theory’ (employees’ interests). The author is a Professor of Law and looks at the issue very much from the legislative point of view. Of around 415 pages, 122 are detailed notes, references to committee minutes, Presidential papers, official correspondence and other reports, ‘folders’, staff papers, relevant commentaries and legal citations. In other words, there is so much detail here that readers can make their own judgements about loftier questions.

The story is that 50 years’ ago pension scandals, defaults, loss of accrued entitlements, and company collapses began to raise crucial issues about the very purpose and regulation of private pensions, the keynote crisis being the shut down of the Studebaker Corporation in 1963. It is ironic that many of these issues have recurred in more recent years. This is important for the public interest thesis to which I return below. We are then taken on a roller-coaster ride through the labyrinth of US Congressional and Presidential policy-making. The usual

suspects dominate – power, influence, trade-offs and threats – along with the tactical avoidance or use of certain committees depending on how the proposed legislation was defined (labour, commerce, finance?). We learn about the importance of timing and of public campaigns to marshal support and wrong-foot the opposition. One of Javits's catchphrases hit the spot: 'it is a rare thing to find a major American institution – private pension plans – built upon human disappointment' (p. 164). Then, when all seemed lost, along came the unexpected; the states threatened to act independently, which to many was hated more than federal intervention.

ERISA gave pension contributors much greater assurance of entitlements and insurance against corporate default. But because powerful interests did not get their way or kill the bill, this does not mean the 'public interest' (as implied here) prevailed. There is discussion of the deeper problem endemic in regulation of the private sector in welfare provision (p. 278). The author suggests that ERISA and its regulations actually helped to encourage the rise of defined contribution (DC) pension arrangements (where the employee shoulders most of the risk) and what came to be known as 401k plans, as opposed to the defined benefit (DB) schemes, which place greater responsibility on the employer. ERISA could have little effect on the subsequent and inexorable rise of the new arrangements which lacked similar protection or attention to investment risk, pension planning and insurance. In any case, in 2003 the Pension Benefit Guarantee Corporation, established under ERISA as a basis of insurance for private DB-pension schemes, was itself placed on a list of high risk institutions because of the call on its funds for bail-outs.

The prevailing ethos returned to one that sees private pensions as a corporate liability, places the onus for pension provision on the individual and, despite enormous public subsidy to the private sector, expects the state to act as the backstop to pay for any damage. Amongst the piles of publications on pensions in recent years, this book is important for raising the fundamental question, what are private pensions for? In whose interest do they really operate? It is in the 'public interest' that we should know.

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Peter G. Coleman and Ann O'Hanlon, *Ageing and Development: Theories and Research*, Arnold, London, 2004, 244 pp., pbk £18.99, ISBN 0 340 75894 5.

This book provides a comprehensive and critical review of the developmental psychology of ageing in less than 250 pages, and in a very readable style. Who can ask for more? It is a very timely publication for several reasons, one being simply that to my knowledge this is the first of its kind, at least in Europe. In tests on developmental psychology, ageing is usually added, if at all, as a compulsory and slightly depressing final chapter (end-of-life), after the exciting adventures of childhood, adolescence and early adulthood. Not so here, where ageing is the meat of the matter in a lifecourse perspective, as in life itself.