

Marion ARNAUD - "The unequal institutional production of « ethos of saving » : an explanation for income inequalities among pensioners in France
Contribution paper

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From the cradle to the grave? Social policy in diverse temporal and spatial contexts

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The unequal institutional production of « ethos of saving » : an explanation for income inequalities among pensioners in France

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RESUME

France's pensions system is known as one of the most generous public institutional setting that historically contributes to erase the global problem of poverty among elderly. The best example can be found on the average amount of public pension estimated at 1393€ per month in 2020. But social reality behind this figure refers to deep structural inequalities among social groups (farmers, independent profession and mostly women) that contributes to illustrate its christian-democratic and conservative nature (Esping Andersen, 1990).

Based on a Phd research made on the problem of economical inequalities among elderly, the aim of the contribution is to present how structural economical inequalities are produced by the pension system itself while retirement. The demonstration is based on the mobilisation of an original sociological concept I call « ethos de prévoyance » translated by « ethos of saving ». The notion of « prévoyance » is a cultural expression inspired by the French Enlightenment basically translated by the expressions of « foresight » and « forethought » but that also refers to the social activity of saving. According to a precise definition based on a redefinition of Max Weber's notion of « ethic of salvation », I propose then to describe how pension system structures life courses through social activity of saving depending on 3 different types: familialist, patrimonial and social saving ethos. This theoretical model will be mobilized to describe how, in the French institutional setting, individuals are socially made to prevent the future as a social risk, through different types of economical contributions during lifetime.

The unequal institutional production of « ethos of saving » : an explanation for income inequalities among pensioners in France

First I would like to thank ESA and the coordinators for the opportunity to present this paper. I am Marion Arnaud, a PhD candidate and I have been working as a sociologist on pension issues for several years (from 2012 to 2017 as a sociological project manager for the CEO of the French Civil Servant supplementary and non-mandatory pension scheme, and from 2017 to nowadays as a PhD candidate). In my phd thesis, my purpose is to build a comprehensive framework to tackle poverty among pensioners in the current French society.

I. STRUCTURAL PENSIONS INEQUALITIES AS A SOCIAL ISSUE

I consider this topic to be relevant to understand very important aspects in the public debate. For more than 20 years, French society has been deeply divided on the pension institution reform. Recently, inequalities in pensions have taken over the public debate. The most relevant example of this is the revival of the issue of monetary poverty among retired people. That became, in a few years, a topic that feeds both collective and individual fears.

I.1. A late focus on pensioners poverty and inequalities

The first question I want to raise is: how can we explain that the focus on inequalities in pension has arrived only so recently in the French debate? To answer this question, let's have a quick look at the evolution of poverty among the elderly, and at the way it shifted the intellectual debate - from the 70s to the early 2000s.

In the first place, let's highlight historical trends. In France, all along the 20th century, the institutionalization of pensions insurance had the goal of eradicating the phenomenon of structural poverty among the elderly. In the mid 70's, this process proved successful, to the point that the poverty rate among the elderly was 7 times less than it was in 1965¹. Current figures still illustrate this trend --> the elderly got the lowest rate of poverty among the general population. Here you can see that, while the general population's poverty rate tops around 14%, for the elderly, this drops to 9 %². Furthermore, pension insurance participated to significantly increase the standard of living of this social group: on average, retirees'

¹ PALIER B., « Reconstruire la solidarité entre générations », *Politiques de jeunes, politiques de vieux*, débat initié par France Stratégie le 9 février 2016

² COR, « Evolution et perspectives des retraites en France », rapport annuel du COR de juin 2021

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standard of living is 108% that of working people³. Those figures illustrate why France is generally known to be one of the most generous public pension institutional setting.

This evolution provoked a shift in the main sociological definition of poverty in France. Since structural monetary poverty among the elderly had disappeared, the field renewed itself through the so-called « sociology of *new* poverty ». This new perspective led researchers to build a new approach of poverty, stemming from Georg Simmel's works. In this new framework, being poor is not only lacking material or monetary resources. It is being dependant, or in other words bearing the social status of a welfare beneficiary. According to this definition, people covered by social insurances and facing monetary poverty were no longer sociologically considered as poor. And as a matter of consequence, poverty among pensioners, covered by pension insurances, even if they were facing monetary poverty, totally disappeared on sociological works until the early 2000.

The last turning point has been observed in 2003, when a heatwave overkilled old people in only one month. This tragic event shed light on the issue of seclusion and loneliness among the elderly. After that, several sociological surveys focused on the topic of *social precarity* among the elderly. Studies described the multidimensional aspect of this question through several approaches, such as classes, gender or territorial disparities, evolution of family bonds, migrations and so on.

But still, in the definition of what *social precarity* is about, I generally observe a lack of sociological attempts to include monetary inequalities as part of social inequalities. This question stroked me. Mostly, *because*, as a *young woman* coming from the middle class, my personal expectations on this specific topic were kind of gloomy.

1.2. An overview of income inequalities among pensioners

So in this context, the renewal of the issue of poverty among the elderly in the public debate depended directly on administrative publishing. For the first time in March 2021, the Prime Minister ordered a report that was entirely dedicated to « modest pensioners ». One particular figure in this report really struck the public debate: one third of the French retirees live with a pension income estimated at 1000€ or less per month. This report is considered the first public attempt to give an overview of the retirees' situation. But is it really?

What I actually found out is that this data was already available in administrative papers, even before that governmental report. In particular, in both the *Pension advice Council*⁴ publications and the *Department of research, studies and statistics*⁵ publications. Based on

³ DREES, « Panorama sur les retraites et les retraités », édition 2021

⁴ Conseil d'orientation des retraites – COR

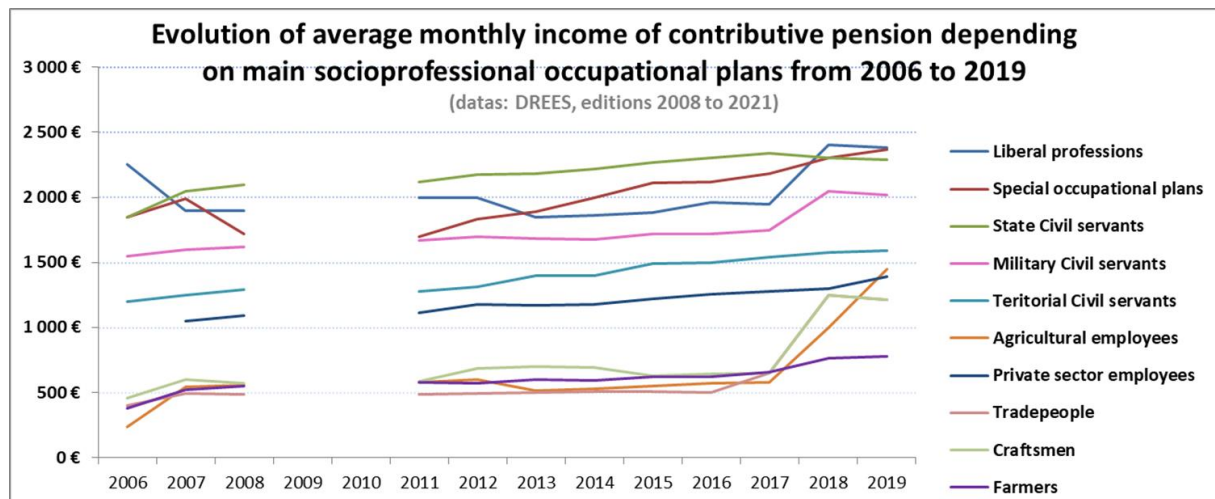
⁵ Direction de la recherche, des évaluations et des études statistiques – DREES.

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my own analysis of them, I propose an overview of structural pension inequalities in France.

To reach this goal, I propose to use the indicator of *average monthly income of contributive pension, depending on the main occupational plans*. I consider this indicator particularly effective in showing the extent of income inequalities among French pensioners. This attempt is the chart you can see on the PPT.



Marion ARNAUD (2022)

Based on this chart, there are 2 main trends I want to highlight:

We can observe important inequalities in pensions' income depending on the main occupational plan. What we got here is, in my opinion, a good demonstration of how the French pension system fits the Christian democratic and conservative welfare regime in Esping Andersen's typology⁶. The French pension system is a complex institutional setting built upon 42 different occupational plans. This institutional setting has a long history that is tightly intertwined with the history of socioprofessional group identities. That's why farmers, agricultural employees, craftsmen and tradespeople are particularly concerned by the lower public pensions.

The second trend is that some socioprofessional groups have seen a significant rise in their monthly average contributive pensions in the last few years. You can see the high increase of agricultural employees's monthly average pension. You can also observe that the schemes of craftsmen and tradespeople merged in 2017 and their pension level have also experienced a significant upgrading.

While instructive, this chart has its limits in understanding the nature of income pension inequalities. First, this chart only shows unequal distribution of socialized income depending

⁶ Gosta ESPING ANDERSEN, *Three worlds of welfare capitalism*,

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on compulsory pension schemes. It means that it doesn't say anything about the level and the nature of asset income that individuals may have made to face their future retirement. Secondly, here, we cannot gauge the full extent of **gender inequalities**. Yet, we know that women are overrepresented among poor pensioners. In France, women's average contributive pension is 40% lower than men. What's more, 54% of retired women earn an average monthly pension of 1000€ or less. Only 16% of men are in the same situation⁷.

Let me conclude this first part with an observation: our current understanding of income inequalities among retirees is limited and biased, because it solely relies on administrative sources. Therefore, in the second part, I propose to go beyond this lack of statistics, and to introduce you to a sociological concept that is KEY in understanding the social nature of income inequalities in retirement.

II. THE CONCEPT OF ETHOS OF SAVING

So, how can we understand income inequalities among pensioners? To give a comprehensive reading of that question, I use the concept that I find rather enlightening: « ethos de prévoyance », which I translated into « ethos of saving ».

II.1. Foresight as an anthropological disposition to economic protection in an uncertain future

My demonstration is entirely based on the observation that, in the French history of pensions, there is a very essential relationship between the notion of « prévoyance » (« *foresight* ») and the evolution of pension policy setting. In the French social history, the notion of « prévoyance » appears to be a cultural expression inspired by the French Enlightenment Philosophy. We can basically translate it into the phrase « foresight » or « forethought » and it also refers to the social activity of *saving*. Thus, in the 19th century, the first banking institutions were called « foresight and saving banks ». In the early 20th century, Leon Bourgeois, figurehead of solidarism philosophy, theorized pension policy as the project to « socialize foresight ». Those two historical examples illustrate the very deep link existing between « foresight » and « pension ». How can we understand this link? To answer this, we need a sociological definition of what foresight is about.

To do so, I employ Max Weber's definition of an economic action. In Book II of « Economy and society » chapter 2, Max Weber gives a definition of what an economic action is :

⁷ DREES, « les retraités et les retraites », édition 2021

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« We will distinguish two types of economic action : (i) the first is the satisfaction of one's wants, which may be of any conceivable kind, ranging from food to religious edification, if there is a scarcity of goods and services in relation to demand. [...] The second type of economic action concerns profit-making by controlling and disposing of scarce goods »⁸

We generally know that Max Weber highlighted the influence of the transcendent Protestant Ethic in building a comprehensive understanding of the ethical roots of « profit-making » economic action. But there is no explanation of the ethical roots beneath the first type of economic action, the one related to the « satisfaction of one's want ». And I make the hypothesis that foresight has to be interpreted as the ethic often associated with this type of economic action.

II.2. The concept of « ethos of saving »

Actually, foresight corresponds to what Weber calls an « ethic of salvation »⁹. Its specificity is to be a secular and an immanent ethic. « Foresight » is a notion created at the time of Modernity, it corresponds to several aspects of the « civilizing process » Norbert Elias wrote about. This concept of foresight finds its roots in the shift from a religious-centric to a secular perception of time. In other words, foresight has to do with the secularization of our relationship to time. Foresight explicitly refers to a belief in the ability of an individual to self-discipline relation to time. A belief in the ability of individuals to *anticipate the future, to protect oneself from the uncertainties of the future, or in other words to save oneself*. And this is the reason why foresight can be considered an immanent ethic : in order to save oneself, individuals have to find, *in the earthly, ACTUAL world*, means to be protected from the uncertainties of the future, they have to find means to be saved.

This is what the concept of « ethos of saving » is about. Ethos is a concept that allows to put together a type of *ethical motivation* and the shape of *economic action*. In this model, « foresight » is a secular and immanent ethic, and « ethos of saving » refers to the very specific economic action of *protection* from the uncertainties of the future, in other words *saving*.

II.3. 3 ideal types of « ethos of saving »

Now, how can those theoretical definitions help us understand income inequalities among pensioners ? For fieldwork, I went to a rural area, in my hometown, in the South of France. I made 42 semi-directive interviews with retired individuals. 85% of them earn income

⁸ Max WEBER, *Economy and society*, Edited by Guenther Roth and Claus Wittich, University of California, 1978

⁹ Max Weber, « Die *Wirtschaftsethik der Weltreligionen* » in *Gesammelte Aufsätze zur Religionssoziologie 2020*. Traduit par Economic Ethics of World Religions

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pensions of 1000€ or less per month. In those interviews, I asked people what foresight meant to them, and I asked them what kind of economic actions they made in order to do foresight during their lifetime. Based on their answers, I observe 3 very different types of « ethos of saving »: the familialist type of ethos of saving, the patrimonial type of ethos of saving and the social type of ethos of saving.

The familialist ethos of saving. To summarize, the familialist ethos of saving is related to the lifetime economical socialization of housewives. This type mostly concerns women. I observe a structural belief that individual protection is related to the community protection, and even more to the family community protection. This kind of belief refers to traditional and holistic set of mind where individual is nothing without the community. Thus, this belief is associated with traditional saving economic actions such as Marriage and having children. The housework and carework can be analyzed as investment in the household. And we observe mother do particular inheritance strategy based on the community culture learning.

The patrimonialism ethos of saving. The patrimonialism ethos of saving is related to the lifetime economical socialization of independent professions such as farmers, craftsmen, or tradespeople. In this type, there is a structural belief that protection of the household depends on individual effort, and mainly chief of family efforts. In this belief, saving economic actions is mostly investment in independent business and monetary savings, real estate and asset investments.

The socialized ethos of saving. The last type, the socialized ethos of saving is related to the lifetime economical socialization of civil servant and private sector employees. In this type, there is a structural belief that protection of individuals depends on society and welfare regime. Thus, foresight is directly associated with pension income or welfare benefits. We can also observe, in the middle class population or secured popular employees attempts to purchase the main residence. We can observe a strong belief in school distinction.