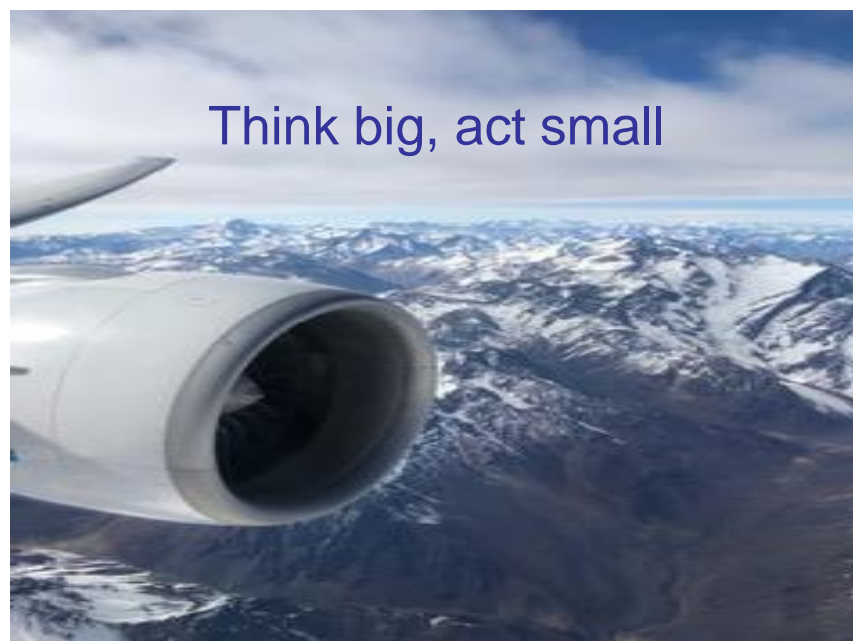




THE POLITICAL ECONOMY OF PENSION REFORM

Benne van Popta



Think big, act small

2019 FIAP International seminar Pension Systems in a changing world 15-16 may Santiago



INTRODUCTION

- Some remarks on pensions
- Some remarks on pension policy
- Three markets of pensions
- Three lessons for pension reform
- Critical succesfactors of pension reform
- Pension reform in Finland and The Netherlands
- The political economy of pension reform



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SOME REMARKS ON PENSIONS

- Pensions have become expensive
 - Demography
 - Economic growth
 - Financial markets
- Solving pensionproblems has become difficult



SOME REMARKS ON PENSION POLICY

- Actors
- Goals
- Instruments
- Institutions
- History
- Ideologies
- → Pension policy arena has become very complex



THREE MARKETS OF PENSIONS

- Political market
- Financial market
- Labour market
- Integrated product of three separate contracts

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THREE LESSONS FOR PENSION REFORM

- Pensions has become an expensive product
- Pension policy arena has become very complex
- Pension product is an integration of three separate contracts



CRITICAL SUCCESSFACTORS OF PENSIONREFORM

- 1. Economic crisis
- 2. Power to act
- 3. Distributional issues
- 4. Willingness to compromise
- 5. Implementation: grand design or small steps

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PENSION REFORM IN FINLAND AND THE NETHERLANDS

- Finland has a successful policy of pension reform
- The Netherlands could not compromise after 10 years of debate



THE POLITICAL ECONOMY OF PENSION REFORM

- Think big, act small
- Solve problems
- Look after overlapping views
- Take responsibilities



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