

## Pension Reforms in the Balkans and their Neighbours

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In the late 1990s and early 2000s, many of the countries of central, eastern and south east Europe made substantial reforms to their pension systems – adapting them from those developed in socialist times to ones “more fit for market economies”. In many cases, this involved the establishment of mandatory, funded schemes based upon individual accounts.

However, the fact that these schemes diverted contributions from the public pension system resulted in “transition costs” and, in some cases, generated substantial fiscal deficits. Countries that were members of the European Union, or which aspired to membership, found their earlier pension reforms causing grave difficulties when measured against the targets set by the (revised) Maastricht and Dublin (SGP) treaties.

Some countries have started to back-peddle – to “re-reform” or “un-reform”. The most recent case has been Bulgaria and Croatia where there have been threats of the immanent nationalisation of the funded pension schemes – with the examples what happened in Hungary and Poland being held up as examples of what could happen. In Croatia, too, the private pension funds have been strong-armed into making public, infrastructure investments in return for the government not cutting the share of social insurance contributions diverted to them.

Interestingly, however, countries that had not “reformed” are reputed to be considering doing so – Serbia being the most frequently talked about case.

The proposed paper will review the development of pension systems and pension policy in the region over recent years and compare and contrast experiences. It will evaluate reform proposals in the light of national developments and the lessons generated by neighbours.

The proposer has written extensively on pensions in Europe – most recently:

From pension funds to piggy banks: (perverse) consequences of the Stability and Growth Pact since the crisis, in *International Social Security Review*. Vol.67, 2014, No. 1, pp 27-48.

The implications of the economic crisis for pensions and pension policy in Europe, in *Global Social Policy*, Vol. 12, No.3, 2012, pp 246-265.