

Michal Polakowski
Maastricht University
Maastricht Graduate School of Governance
P.O. Box 616
6200 MD Maastricht
The Netherlands
Michal.polakowski@maastrichtuniversity.nl
Tel: +48787490338

The impact of the global crisis on pension system in Poland: towards stricter regulation of private pensions

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Poland 's pension reform has been one of the most profound in the region of Central and Eastern Europe. The shift from the PAYG system inherited from the socialist era to multipillar organization, advocated by the World Bank and smoothly accepted in Poland, has significantly changed the logic of pension system. Accordingly, the link between contributions and benefits has been increased and a part of the future benefits depends on the performance of the market.

Until the global crisis the issue of reformed pension and its consequences for future benefits system did not receive public attention. Since then, however, because of the losses incurred by Polish pension funds, the issues of guarantees included in the system and the feasibility of market solutions for provision of adequate benefits became salient topics in the public debate.

This paper argues that, contrary to the expectations, the financial crisis contributed to reinvigoration of the debate on the assumptions of the reform pension system and steers the debate towards guaranteeing rights of future pensioners. This way, it is argued that the crisis instead of further undermining the social rights of citizens, increased the awareness of the population concerning their rights and legitimized the discourse on the need for regulation of market-based pensions. The paper illustrates the efforts to regulate the funded pensions to guarantee more safety for contributions, and reduce the asymmetry between oligopolistic pension solutions and individual citizens. Therefore, it is argued that the global financial crisis facilitated debate on the imperfection of market solutions in social provision, and led to their partial adjustment.