〔Article〕

Pension Policy Regime and the Open Method of Coordination in the European Union

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Abstract

The purpose of this paper is to analyze the EU's proposed pension reforms in the policy regime, focusing on the mechanics of governance for the EU pension strategy and policy coordination by the OMC within the Member States. The EU has to take account of the total cost of its aging populations and the long term impact of the current economic crisis. The extent of the European financial crisis stemming from the collapse of Lehman Brothers, especially the debt crisis spreading from Greece and Ireland, to Portugal Spain and Italy, will be exacerbated by unprecedented levels of aging and outdated pension systems.

As a result of the global financial crisis, the EU and its Member States have been forced to consider the long-term sustainability of their pension systems, the increase in public age-related expenditure (pensions, health care long term care, and unemployment benefits) in the EU as a whole is a matter of serious concern. Co-ordination at EU level and Member State level is particularly important in the case of pensions as each state operates its own pension system while the EU makes recommendations regarding the financial and social sustainability of the systems.

Introduction

The aging problem in the EU member states has been increasingly acute since 2000, and pension reform has become an issue of the greatest importance that must be faced.

As of 2010, 29.8% of the total population of the Western European members was aged 65 or over, pushing them farther toward becoming an ultra-aged society than Japan, where the corresponding figure is 22.7%[1]. There has also been a ripple effect on European countries from the debt crisis sparked by Greece, and this has further heightened concerns about the Euro while exacerbating the problem of the aging society.

Social protection, however, comes under the authority of each member state, which has made it difficult to coordinate pension systems and policies at EU level. Since the global economic crisis started, however, every EU member has been moving in the direction of forming a similar pension policy regime. The question is why this is so as defined by Przeworski, a policy regime is "circumstances in which major political parties of most countries pursue and implement similar policies regardless of their ideological orientations[2]"

(Przeworski 2001).

The purpose of this paper is to explore the background to the formation of these kinds of pension policy regimes at the EU level, to explore the reasons why similar pension reforms and pension policies emerged in the various EU countries, and to clarify their future directions and issues. We shall also examine to what extent pension policy innovation has been necessitated by the global economic crisis.

First, we will survey the process of the EU strategies for sustainable economic growth from the Lisbon strategy to the Lisbon Treaty together with the current status of pension systems in each country.

Second, we will clarify the nature of the institutional design of EU strategies for aging societies that assured the financial sustainability of pensions in response to changes in population dynamics in Europe[3)], which is aging rapidly, as well as in response to the economic crisis.

Third, we would like to examine the formation and processes of implementation of pension policy regimes by the open method of coordination[4)] (OMC) that was officially institutionalized under the Lisbon Strategy by the Conclusions of the Lisbon European Council in March 2000[5)]. We will look at the distinctive characteristics and issues of pension policy coordination in the countries concerned.

1. EU member state population dynamics and strategies for aging societies

1.1 Strategies for aging societies under the Lisbon strategy and the demands of the EU pension policy regimes

At the Lisbon European Council of March 2000, the leaders of EU member states agreed on the Lisbon strategy of building "the world's most competitive and dynamic knowledge-based economy[6)]" and aiming for sustainable economic development that takes into account not just economic policies but also employment policies and social policies intended not to give rise to poverty or social exclusion.

Comprehensive policies for aging societies were proposed from this perspective. Specifically, a strategy to assure a sustainable financial foundation for employment policy, pension policy, social security policy, and other such policy was defined.

A strategy for the aging EU society was declared from this perspective for (1) the improvement of employability, (2) the promotion of entrepreneurship, (3) the improvement of labor and management adaptability for the purpose of structural reform, and (4) the promotion of equal opportunities for men and women[7)].

These made up a comprehensive policy strategy that aimed to achieve a synergistic effect supported by the three pillars in the key areas of economic policy, employment policy, and social policy. This was intended to maintain social solidarity and the quality of society while improving the competitiveness of the economy and seeking full employment and improvement of the quality of services.

The French Presidency conclusions at the Nice European Council in December 2000 recommended adapting a New EU Social Policy Agenda that was to resolve social exclusion and poverty in order to make the transition to a knowledge-based economy and society transcending the diversity of social systems in member states, and that gave further concrete form to EU strategies for aging societies[8].

At the Stockholm extraordinary European Council in March 2001, when Sweden assumed the Presidency, pension reform was placed at the top of the agenda as an important item, and movement toward establishment of an EU policy strategy was initiated[9].

The demand for pension policy at the EU level was an inevitable result of currency unification with the introduction of the euro as a single European currency. The New Stable Growth Pact mentioned above was defined as a new criterion for participation in currency unification in 2015[10], and the only means of achieving this was to make significant reductions in social protection spending. The economic and fiscal policies of the euro member states were to be audited on the basis of General Economic Policy Guidelines.

Given the size of the fiscal resources earmarked for social protection policies such as pensions when taken as a proportion of the country's government finances, this necessarily became a matter for EU economic and fiscal policy coordination. With a view to lightening the fiscal burden on governments, the weight therefore shifted from public pensions to private pensions and from unfunded to funded systems, offering no choice but to move in the direction of neoliberal reform.

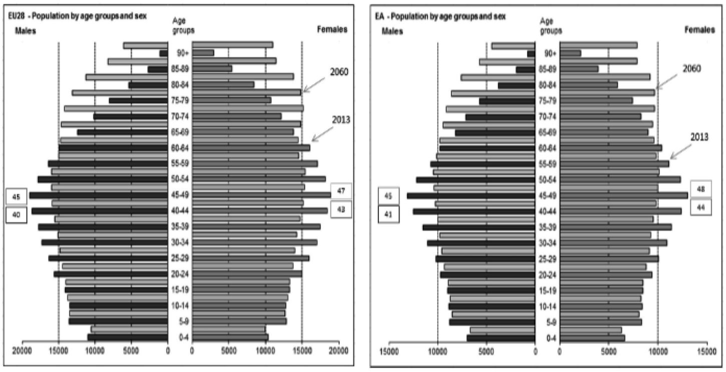
In other words, pension reform became a point of dispute within the flow of fiscal structural reform in each country so that eventually demand arose for the formation of pension policy regimes at the EU level.

1.2 Current status of aging in EU member states and common pension objectives in the EU

The sustainability of pension systems must be considered not just in fiscal terms but also in term of social sustainability. It is necessary to consider pensions in relation to 4 the average life expectancy in the country in question, the proportion of the aged (65 years or over) in the total population, the proportion of the productive-age population (15 to 64 years), and other such factors. The financial sustainability of pension systems is related to the economic circumstances of the countries in question, the ratio of the productive-age population and the rate of population aging, as well as average life expectancy.

The World Bank report in Table 1 shows transitions and estimations of the percentage of the aged in the total populations of member states from 2000 to 2050. And the European Commission's *The 2015 Ageing Report* also shows transitions of the population pyramids in 2013 and 2060 (see Graph 1).

Average life expectancy in the 15 Western European member states has tended to increase for both men and women since the 1960s. The table shows that in these countries, the percentage of the population aged 65 and over was 26.7% in 2000, 29.8% in 2010, and will reach 53.4% in 2050 . It is necessary to note, in particular, that the productive-age population (aged 15 to 64) in these countries is trending entirely downward while the percentage of the aged (65 and over) in the population is increasing.



Source: Commission services, Eurostat, EUROPOP2013.

Source: The 2015 Ageing Report EUROPEAN ECONOMY 3/2015, Economic and Financial Affairs, Economic and budgetary projections for the 28 EU Member States (2013-2060), p. 18.

Graph 1. Population pyramids in 2013 and 2060

As shown in Figure 1, this is expected to be accompanied by an increase in pension benefit costs as a percentage of GDP.

Pension reforms were consequently instituted in all these countries in the 1990's. Their pension systems can be grouped into the continental countries, the Northern European countries of Scandinavia, the United Kingdom and Ireland, the Netherlands and Denmark, and so on. This indicates, as shown in Table 1, how the Western European countries became ultra-aged societies as the productive-age population began declining in 2010 while the percentage of the total population aged 65 and over simultaneously expanded significantly above 25%.

Measures to address the issue of aging societies with declining birthrates include compensation by immigration, which appears to have some effect in the short term.

In the long term, however, as the experiences of the Western European countries show, many immigrants remain unemployed and tend to be subject to social exclusion in the countries that receive them. Previous research has also pointed out that this can give rise to social friction between immigrants and nationals of the receiving country, and can sometimes be a factor which increased the social risk of riots, terrorism, and other problems related to crime and public security, while the aging of immigrant populations is also likely to further increase the financial and social burden on the receiving country. In order to maintain the sustainability of pension systems, there is no choice but to implement policy responses that are some combination of the alternatives of raising the pensionable age, reducing the amount of pensions, or increasing the elderly employment rate and heightening economic growth. A European Commission report proposes the active aging policy recommended by WHO as the EU pension strategy, based on the notion of sharing the increase in longevity between the period of pension receipt and the period of active employment.

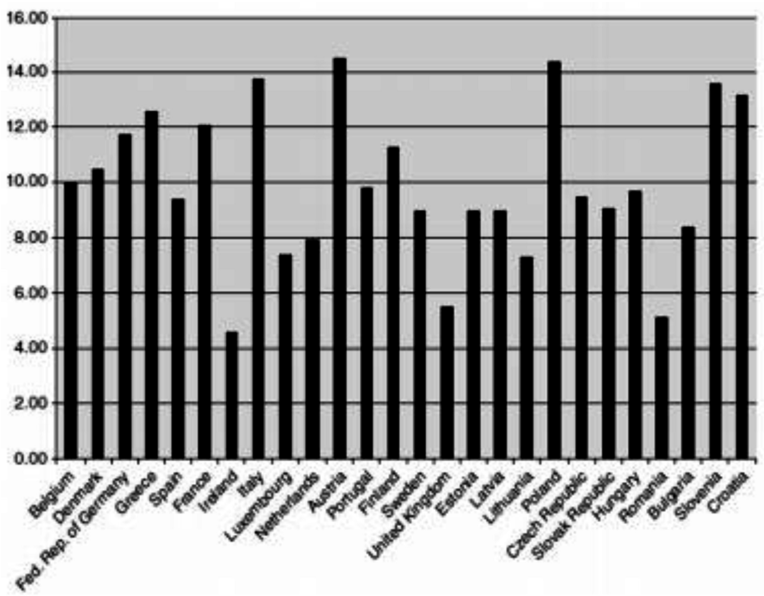
The Joint Report on Objectives and Working Methods in the Area of Pensions adopted by the Laeken European Council calls for (1) the adequacy of pensions, (2) the financial sustainability of pensions, and (3) the modernization of pension systems to meet the changing needs of economies, societies, and individuals[11].

These three principles of EU pension policy were recognized by the Laeken European Council and "Broad Common Objectives and Working Methods in the Area of Pensions"

Table 1.

Member States	*2000*	*2010*	*2020*	*2030*	*2040*	*2050*
Belgium	28.1	29.4	35.6	45.8	51.3	49.7
Denmark	24.1	27.2	33.7	39.2	44.5	41.9
Fed. Rep. of Germany	26.0	32.9	36.3	46.7	54.7	53.3
Greece	28.3	31.6	35.8	41.7	51.4	58.7
Estonia	27.1	28.9	33.1	41.7	55.7	65.7
Ireland	27.2	28.1	35.9	44.0	50.0	50.8
France	19.4	19.1	24.5	30.3	36.0	44.2
Italy	28.8	33.8	39.7	49.2	63.9	66.8
Luxemburg	23.4	26.2	31.0	39.8	45.4	41.8
Netherlands	21.9	24.6	32.6	41.5	48.1	44.9
Austria	25.1	28.8	32.4	43.6	54.5	55.0
Portugal	25.1	26.7	30.3	35.0	43.1	48.7
Finland	24.5	27.5	38.9	46.9	47.4	48.1
Sweden	29.6	31.4	37.6	42.7	46.7	46.1
UK	26.4	26.9	32.0	40.2	47.0	46.1
EU15	26.7	29.8	35.1	43.8	52.4	53.4

Source: Robert Holzmann, Mitchell Orensteinand Michal Rutkowski (2003)
Pension Reform in Europe: Process and Progress, p. 7. THE WORLD BANK Washington, D. C.



Source: Robert Holzmann, Mitchell Orensteinand Michal Rutkowski (2003), *Pension Reform in Europe,* THE WORLD BANK Washington, D. C. p. 3.

Graph 2 Expenditure on pensions (% GDP).

were made explicit as common EU pension objectives. The EU member states also agreed to common objectives regarding pension schemes as shown in Table 2[12].

Let us see, then, what distinctive characteristics the pension systems have in individual member states.

2. Pension systems and pension reform trends in Member States

2.1 EU member state pension systems and desired types of social solidarity

The pension systems of the Western European members can be classified broadly as continental-type systems developing out of Bismarck's social security system in the 19th century, and Anglo-Saxon-type systems based on the Beveridge report of the mid-20th century. The former pension systems of the continental type set aside a portion of laborers' wages as a reserve for their old age, when it would serve as security for living expenses and insurance against the risk of illness, when it would pay for health care, in a form linked to their former income level when they have lost their income during old age. Such pension systems are found in Germany, France, Belgium, Luxembourg, Italy, and other countries. The latter, Anglo-Saxon type of pension system is guaranteed to citizens, regardless of their income level when they were working, as a matter of mutual solidarity among citizens[13]. This provides guarantees to all citizens of minimum equal support for the cost of living in the form of a basic pension, with private pensions for employees to make up any shortfall. The pension systems in such countries as the United Kingdom, Ireland, the Netherlands, Denmark, Sweden, and Italy were formerly considered to be of this Anglo-Saxon type. As seen in the pension system of the Netherlands, however, the countries of Western Europe have recently blended together the continental, Bismarck type of system with the Anglo-Saxon type of system, and pension system reform has moved toward the development of old age income assistance systems by means of public pensions and unofficial, private pensions. EU member states are diverse in what they envision as the desired post-retirement income security and social solidarity[14]. Member states differ greatly in retirement ages, ages at which disbursement begins, methods for calculating the amounts paid, the amounts paid, methods for adjusting pension payments, and methods of procuring the funding for those payments. Even the average life expectancy of citizens of the 28 member states differs by 10 years or more between the Western European countries and the Central and Eastern European countries.

Studies of public pension systems have generally focused on analysis of systems defined by the first category in the World Bank's three-pillar model, which is made up of publicly managed systems with compulsory membership that have the fixed purpose of saving the elderly from poverty (the first category), privately managed savings systems with mandatory participation (the second category), and voluntary savings systems (the third category).

Let us then look at the purposes of public pension systems and policies in the countries concerned. Those purposes are (1) to guarantee the income of elderly retired people in order to assure them an appropriate standard of living, (2) to insure against future uncertainty and risks in the remainder of life, (3) poverty prevention and relief for the elderly, and (4) to

Table 2. Taxonomy of main public pension schemes across Member States

Country	Type	Country	Type
BE	DB	LU	DB
BG	DB	HU	DB
CZ	DB	MT	Flat rate + DB
DK	Flat rate + DB	NL	Flat rate + DB
DE	PS	AT	DB
EE	DB	PL	NDC
IE	Flat rate + DB	PT	DB
EL(1)	Flat rate + DB + NDC	RO	PS
ES	DB	SI	DB
FR(2)	DB + PS	SK	PS
HR	PS	FI	DB
IT	NDC	SE	NDC
CY	PS	UK	Flat rate + DB
LV	NDC	NO	NDC
LT	DB		

(1) The public supplementary pension funds are NDC since 2015.
(2) Point system refers to the ARRCO and AGIRC pension schemes
DB: Defined benefit system.
NDC: Notional defined contribution scheme.
PS: Point system.
Source: Commission services, EPC.

Source: The 2015 Ageing Report, op. cit., p. 54.

redistribute income to low-income groups.

Each country is working to institutionalize compulsory social insurance by means of its public pension system in order to reach objectives like these.

In Germany and France, single-stage public pension systems are established separately by occupation, while parts belonging to the second-stage and beyond bring in occupational pensions, individual membership pensions, and other such private pension systems.

The pension reform in Germany in 2001 resulted in a system that reduces the burden of insurance premiums and pension payments and introduces private pensions (funded pensions) to make up for declining payment levels.

France also has 2 single-stage public pension systems with occupation-specific systems and the premium rate is 16.3% while at the second stage and beyond are enterprise pension systems. In the pension system reform of January 1994, France made a variety of adjustments to benefit payments, including extension of the contribution period required to receive benefits from 37.5 years to 40 years, changing the benefit calculation basis from the average wage during the best 10-year period to that during the best 25-year period, and changing from a sliding pay scale to a sliding cost of living scale.

Italy has occupation-specific public pension systems like those of Germany and France.

In the United Kingdom, retirement pensions, disability pensions, and all other such insurance benefits have been unified under a single national insurance system that covers all citizens by a basic pension common to all (the single-stage portion)[15].

A new private pension system known as the stakeholder pension was also established, and public pension system reform is taking steps toward conversion to a dual public and private sector cooperative system.

In the Scandinavian countries, pensions as individual entitlements as well as other social security systems have become universal.

Sweden developed a two-stage system with a basic pension that is a public pension system covering all citizens and an added pension that is for employees and voluntarily enrolled self-employed people. The advancing rate of aging, the successive years of negative economic growth during the 1990s, the rapid rise in unemployment, and other such background factors led to unification in an earnings-based pension, a closer relationship between contributions and benefits, and national treasury funding to enable provision of minimum security for the needy[16)]. Due to the subsequent impact of the economic crisis, every member state has found it even more difficult to assure the financial sustainability of pension funds. Every country alike has been pressured into reassessment of its pension systems.

2.2 Economic crisis and its impact on EU pension strategy, social solidarity, and pension policy

The transition of Western European countries into aging societies with declining birthrates, and the collapse of the major US investment bank Lehman Brothers in September 2008[17)] were accompanied by rapid deterioration of pension financing.

In the EU countries, where the aging of populations is advancing, the impact of the economic crisis made pension reform an urgent and top priority agenda item from the viewpoint of fiscal reconstruction, just as in Japan.

The EU formed a single market in economic and social activities with the aim of creating a competitive market economy. Pensions and other such social protection, however, were left in the hands of the respective member states, and no measures were being undertaken at the EU level until recently. There was also a diversity in the social protection systems of the member states that made the creation of uniform social protection systems at the EU level problematical.

Solidarity in society has its basis in membership of that society, like citizenship, which qualifies members for mutual enjoyment of entitlements and benefits while at the same time binding them with obligations and burdens that cannot be escaped[18)].

It is not just a principle, but is rather a concept accompanied by a real institutional framework for the purpose of distributing wealth.

Pension systems can be analyzed from the perspective of the following six relationships between the bearers of the burden and recipients of the benefits according to differences in the conceptual approaches to the notion and vision of solidarity.

The first classification is based on whether management of the system is public or private. Second is whether solidarity is within generations or across generations, and whether the system is publicly or privately funded. Third is whether it is a defined contribution (DC) or defined benefit (DB) system[19)]. Fourth is whether the pension is actuarial or not. Fifth is whether benefits are equal or proportionate to income and compensation earned while employed (earnings-related). Sixth is whether benefits are disbursed to the individual beneficiary or to the head of the household.

As a result of the global economic crisis, the gross domestic product (GDP) of the EU shrank 4% in 2009, industrial production dropped to 1990s, levels and the number of unemployed reached 23 million. Moreover, the preceding two decades of effort to achieve fiscal soundness were largely undone in the space of two years, and in certain countries, the budget deficit reached 7% of GDP while government debt ballooned to more than 80% of GDP[20).

This economic crisis brought the structural weaknesses in the European countries into sharp relief and has made the problem of aging societies even more serious.

The question here is, given the awareness of these circumstances, how the EU has dealt with the aging society issue, and to what extent has EU policy on the elderly been reflected in the Lisbon Treaty.

3. Sustainable pension policy, policy coordination by OMC, and the issues involved

3.1 Coordination of pension policy by the introduction of OMC

The pension problems of the EU are inextricably linked to (1) the formation of an internal market and (2) the impact of currency unification. Consequently, OMC was first applied to poverty and social exclusion[21) following the Lisbon European Council, and next to pensions[22). The "proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion," set forth as objectives in Articles 151,152 of the Lisbon Treaty, are the basis for this[23).

The European Parliament and the EU Council had adopted resolutions relating to plans for combating poverty and social exclusion by 2006, and this gave the impetus to OMC. This institutionalized a mechanism for seeking policy coordination and implementation by setting appropriate objectives at the EU level and implementing National Action Plans (NAPs) at member state level. One wonders, then, where the significance of introducing OMC to pension reform in each member state lies. The advantage of OMC is that it can provide the EU with a common basis for comparing national pension systems, and it furnishes a means for moving member states in a single policy direction toward coordination of pension policies. The comparison of different member state pension systems by policy decision-makers makes policy convergence and perceptual convergence possible. OMC process can provide a method for building a consensus among member states, and the EU can play a role in supporting the design of more efficient pension systems by the individual countries.

The application of OMC has disseminated best practices with regard to pensions in each of the countries concerned. It has also served as a means for achieving still further convergence with regard to the main goals of the EU.

The achievement of strategic objectives determined at the EU level has been promoted thereby. Article 3 of the Lisbon Treaty invokes the sustainable development of a Europe based on balanced economic growth and price stability; the overcoming of social exclusion and discrimination against the elderly, women, people with disabilities, and other minority groups; the promotion of social justice, social protection, solidarity between generations, and protection of the rights of children; the such strategic objectives of sustainable economic development that has been proclaimed since the Lisbon strategy.

It also calls for a dynamic economy that makes full employment possible, public health care, social justice and solidarity. What the EU aimed for was not to transfer legislative authority relating to member state policies in the areas of social security and social welfare over to the EU, but rather to institutionalize a mechanism for policy coordination in areas where member states maintain authority, including social, employment, economic, public health, and industrial policy.

The EU officially introduced OMC to pension policy for the purpose of eradicating poverty and combating social exclusion[24)]. OMC has developed in combination with the implementation of the European Commission's New Public Management (NPM) reform[25)].

OMC is for the purpose of improving performance, and OMC benchmarking methods are one type of achievement measurement technique. Active efforts have been made toward the institutionalization of evaluation methods during the selection of best practices for the management and operation of pension funds, the feedback from evaluation results in the policy process, and other such matters arising within the European Commission in the course of NPM reform.

The Social Protection Committee established a pension OMC to serve as a forum for exchanging of views between the European Commission and member states in connection with the modernization and improvement of social protection systems.

That OMC is made up of two employees of the European Commission and two pension reform specialists each from EU countries. It creates reports, for example, regarding OMC for private pension systems with a cross-sectional comparison of five member states. OMC does not have legally binding force, but it is at least able to involve itself to some extent in policy coordination for the purpose of common objectives among the countries concerned[26)].

In EU discussion of pension problems, the adequacy and sustainability of pensions, and their transparent and adequate applicability, make up a flexible, common conceptual framework for discussion of pension systems at the EU level[27)]. EU pension reform involved organization of an Indicator Sub-Group (ISG), taking reports on member state strategy into consideration, and aimed to conduct its examinations on the basis of common EU indicators and credible, comprehensive, comparable data while taking steps for closer coordination with Eurostat and the OECD.

With regard to pension policy in particular, the emphasis is placed on member state initiative. The governance system is flexible and allows for refusal by member states.

3.2 Pension OMC decision-making process and pension policy coordination issues

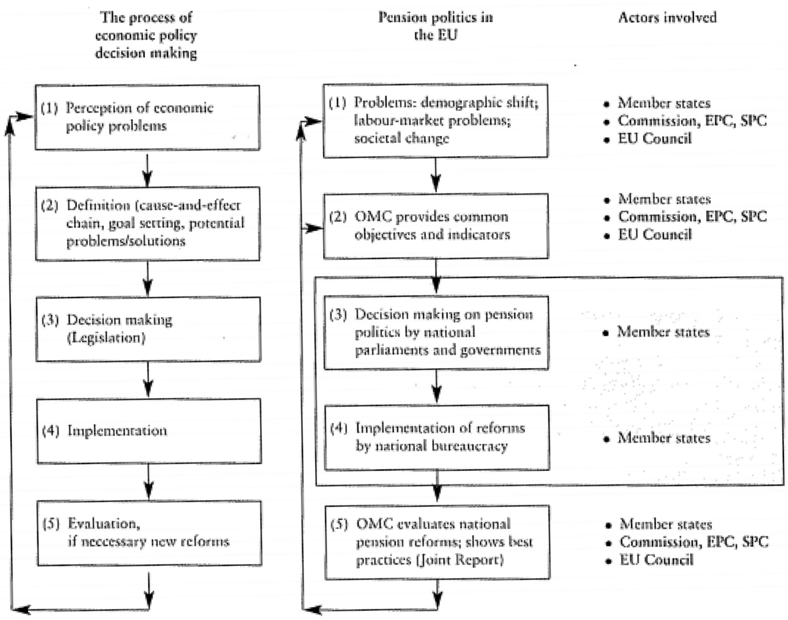
The question here is the kind of role pension OMC. It is able to play in the reform of each member state's pension policy. OMC is not simply a locus for exchange of views on EU pension policy. The question, then, is the kind of process followed by OMC in the pension area.

According to Eckardt Martina (Figure 1), the pension OMC decision-making process involves:

(1) Starting with perception of a problem;
(2) definition and confirmation of the relationship between causes and results, of setting objectives, of potential problems and measures for their resolution, and of other such matters; and
(3) decision in the form of legislation; and having gone through this, then (4) implementation and (5) evaluation and, as necessary, carrying out reform, improvement, or problem resolution.

The ultimate decision-making authority for making use of this institutional framework of the OMC, just as in the case of pension reform implementation, is at the member state level of the shaded portions at stages (3) and (4). However, the OMC can exert some influence on the process of policy formation through EU actors that set common issues and objectives and that propose possible solutions at stages (1) and (2) . At stage (5), the OMC process furnishes hints for reform by evaluation of the best practices that form the foundation for measures taken by member state governments, and this contributes to the improvement of existing pension policy[28].

OMC serves as a valuable tool for the purpose of simplifying the complicated pension systems of member states in the National Strategic Report (NSR) that each member state



Source: Eckardt Martina (2005), "The Open Method of Coordination on Pensions: an economic analysis of its effects on pension reforms", *Journal of European Social Policy,* Vol. 15 (3), p. 259.

Figure 1. The OMC on pension from a decision-making perspective.

presents to the European Commission every three years. The pension OMC monitors the pension reform of each national government, and this can strengthen the influence of the European Commission on member state pension policies. It can also aid in transferring success cases into policy and promoting influence on policy. Pension information that is shared among member states plays a major role in pension reform in the member states.

The major objective of OMC in connection with pensions is for Member States to engage in mutual learning from the experiences of other member states and to speed up the reform of pension policy with success cases as a reference[29].

The broad policy objectives and guidelines in the pension OMC are defined at the EU level by unanimous decisions of the EU Council. These policy objectives and guidelines, however, have no legally binding force, and their implementation is left to the initiative of the member state.

A member state creates its own national action plan regarding methods for achieving objectives and methods for conforming to EU guidelines, and the member state is allowed considerable discretion in its means of policy implementation. OMC process involves the governments of member states and has them send annual reports to the European Commission and the EU Council regarding the status of progress in conforming to the EU objectives and guidelines.

In other words, OMC in the pension field supports Member State level decision-making involving pensions through an additional institutional framework at the supranational level of the EU. In addition to the governments of the member states and social partners (labor and management representatives), the European Commission, the EU Council, the Economic Policy Committee (EPC), and the Social Protection Committee also participate in the OMC process relating to pensions[30]. The European Commission plays an important role in providing support for OMC activities and monitoring them. The EU Council adopts joint written reports but it cannot impose sanctions in the event that member states do not implement pension reform. The fact that OMC does not encompass the power to enforce implementation of its recommendations remains a problem.

Conclusion

Welfare policy regimes and particularly, pension policy regimes with a degree of similarity that goes beyond the boundaries of political parties and factions have emerged in European countries since the economic crisis. We have been able to confirm that this is not a coincidence. That is, the advances being made in pension reform in every EU member state, and the formation of similar pension policy regimes, have occurred against the background of the existence of the institutional framework of OMC in the pension field that was institutionally designed by the EU on the basis of strategies for aging societies.

Although this has presupposed the initiative of the member states, it has also become clear that it has involved the use of governance mechanisms based on meticulously planned “bottom-up soft law”. According to Martina Eckardt's positive assessment, the EU OMC on pensions is contributing greatly to the promotion of pension reform in member states as well as to the accountability of pension policy[31]. The conclusion is that the OMC on pensions, by quantitatively grasping changes in the economic environment and the increase of the elderly component of the productive-age population, makes it possible to forecast public accounts, and it can therefore be considered an institutional framework that is effective in securing the financial sustainability and pension stability.

The European Council of March 2010 agreed upon "Europe 2020[32]", the new medium-term economic growth strategy that, as the next generation of EU strategy, has replaced the Lisbon strategy. This is intended to bring about the EU's escape from the effects of the economic and financial crisis in the short term while also achieving sustained economic growth over the coming decade. A single financial policy is being pursued in the euro economic zone, but fiscal policy is the responsibility of each country.

The importance of fiscal policy coordination in the Eurozone, where mutual economic interdependence has been greatly increased by the present global economic and financial crisis, has also been cast into sharp relief by the discussion of pension reform.

EU pension policy regimes have still seen only limited effects from the transfer of pension policy from one country where policy is better to other countries.

At present, an EU pension policy regime has been formed at the EU level, but it has not yet reached the point of policy convergence. Going forward, it will no doubt be necessary to carefully observe the progress of EU pension policy regimes that develop under the Europe 2020 growth strategy, and to give further study to the possibilities and issues of these systems.

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