

**Social Dialogue on Pension Reforms
in EU Applicant Countries**

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Project synopsis

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Executive Summary

This study has sought to map the attitudes of a significant proportion of the actors, namely the social partners and representatives of the state, towards pension reforms in the candidate countries. The reason for this was the trend that the candidate countries are aware of in the same way as European Union member states – that in the past decade the situation in the field of pension security has become more pressing, in consequence of the growing awareness of future economic problems due to the ageing of the population, the falling level of employment and the kind of social transformations that have a direct impact on social costs, such as the increasing number of incomplete families or movements for gender equality. Adapting the functions of the social state to these changes is possible only at the level of broadly agreed principles of social policy, which pave the way for specific political decisions on the relevant pension law. Although a number of objective factors play an important role in the final political decision-making, the determining factor is not the long-term technical projection of demographic development or estimates of future changes in key economic indicators, it is the idea that the actors of political decision-making form of the significance of these objective factors.

Platform for dialogue and asserting interests – The survey demonstrated that in almost all the countries the tripartite system became the basic platform for negotiations on pension reform. Besides the tripartite system, ad hoc conferences and other unspecified institutes also played a role. In addition to tripartite discussions, the trade unions in particular also mentioned lobbying as a very important means of asserting interests. The social partners were involved in negotiations on pension reform legislation in almost all states. Opinions of the social partners and government representatives differed on the degree of consensus during the discussions. Unlike government officials, the social partners stated that there was little consensus.

The actors and assessment of their influence – In all the states the Ministry of Labour and international organizations - the World Bank and International Monetary Fund had the greatest influence on the shape of reform. The main difference in the way the influence of individual actors was assessed by the social partners and government representatives is that state representatives attribute greater influence to domestic specialists and consultants, unlike the social partners, who rate the influence of political parties and their representatives more highly.

Both government representatives and the social partners attributed greater influence on the shaping of pension reform to the trade unions.

Attitudes to the reforms – The attitudes of the social partners towards reform were different. The reform had greater support from the unions, yet the vast majority of government representatives believe that employers, in contrast to the unions, were strongly in support of reform.

Degree of information – Although government respondents believe that there is a very high level of understanding of the issue of pension reform among employers and trade unions, for the social partners themselves, or their member bases, pension reform as a whole was not entirely comprehensible. Employers and trade unions stated that their members understood just certain aspects of reform.

According to the social partners, the government or state administration played an important role as a source of information on pension reform. Representatives of the social partners denoted state administration as the most important information channel. Expert studies were also mentioned as an important source of information.

1. Introduction

This analysis was commissioned by the International Labour Organization. It provides a description of the attitudes and opinions of representatives of the social partners and government bodies on the role of social dialogue in pension reforms in states seeking to join the European Union.

The study has two parts. The first part contains an assessment of the questionnaire-based survey conducted among participants at the “High level Tripartite Seminar on Pension Restructuring in Central Europe and the Mediterranean ” organized by the International Labour Organization, Government of Cyprus and the Spanish Presidency of the European Union and held in Cyprus on 21 and 22 March 2002. The second part contains two case studies describing the role played by the social partners in pension reforms, their attitude to and opinions on it, in the Czech Republic and in Poland. These case studies are based on qualitative structured interviews with representatives of the social partners in the two countries. In the Czech Republic 4 interviews were conducted (2 with employer associations and 2 with trade union representatives) in June 2002. 4 interviews were also conducted in Poland (2 with trade union representatives, 1 with a representative of the Office of the Plenipotentiary for Pension Reform and 1 with an external observer) in July 2002.

In the case of the Czech Republic, members of the social partners’ expert teams were chosen as respondents. In order to assess the social partners’ ability to participate in the reform of the pension system through social dialogue it must be noted that the expert teams of employers and trade unions differ greatly in terms of both quantity and quality. This fact is reflected by the scope of information, primarily written source materials, which the trade unions and employers possess and which could be obtained from the individual respondents. The insufficient expertise of the employer associations is also reflected in the employers’ professional apparatus, which often draws attention to the chronic lack of resources for operational requirements and the lack of necessary staffing. In some areas there are even substantial cuts being made in the existing executive apparatus. The lack of specialists means that the experts have to cover a very wide range of issues, which puts both a quantitative and qualitative limit on the resulting outputs, especially during the comments process on acts and conceptual materials. By contrast, the trade unions in the Czech Republic possess a substantially larger professional personnel base, both in their expert apparatus – specialists on the issue of collective bargaining, social security, labour law, occupational health and safety etc. – and in their administrative apparatus.

2. Assessment of the survey

2.1. Technical comments on the survey assessment

To obtain information on the influence social dialogue had on the course of pension reforms in candidate countries preparing for EU entry, representatives of state administration and the social partners were given a standardized questionnaire at the “High level Tripartite Seminar on Pension Restructuring in Central Europe and the Mediterranean” conference held in Cyprus on 21 and 22 March 2002 and organized by ILO. Once the returned questionnaires had been converted into electronic form the survey was assessed with the help of SPSS statistical software.

During the conference a total of 46 questionnaires were obtained from representatives of government delegations and social partners: 20 of these from representatives of state administration and 26 from representatives of the social partners from candidate countries. The following two tables show the composition of respondents by individual countries and representation (government, employers, unions).

T a b l e 1 Composition of the representatives of government delegations by country in absolute values

country	state representatives
Poland	2
Bulgaria	2
Lithuania	2
Czech Republic	1
Estonia	2
Malta	1
Latvia	2
Slovenia	2
Slovakia	2
Romania	1
Hungary	2
Cyprus	1
total	20

T a b l e 2 Composition of representatives of the social partners by country and affiliation to employers/trade unions in absolute values

country	employers	unions	not filled in	total
Poland	1	1		2
Bulgaria	1	1		2
Lithuania	1	1		2
Czech Republic	1	1		2
Estonia		1		1
Malta	1	1		2
Latvia		1		1
Slovenia	1	1		2
Slovakia	1		1	2
Romania	1		2	3
Hungary	1	1		2
Cyprus	2	3		5
total	11	12	3	26

Unfortunately the first question, which maps the main objectives of the state administration and social partners in pushing for pension reform couldn't be interpreted. The reason for this was that the respondents answered in different ways as the instructions for using the given scale were not explained sufficiently clearly.

2.2. Attitudes of the social partners in EU candidate countries to pension reform

The survey showed that employers, unlike trade unions, are relatively well represented in the administrative bodies of pension institutions. More than one-third (36.4%) of workers' representatives replied that they have no direct or indirect influence in the administrative body of pension institutions. This is despite the fact that employees play a substantial role in making contributions. According to employer representatives (81.8% positive answers), employers have the opportunity to influence the activity of these institutions either directly or indirectly through a proxy.

T a b l e 3 Is your organization represented on the governing body of any national pension institution?

%	yes	not directly*	no
employers	63.6	18.2	18.2
workers	54.5	9.1	36.4
total	59.1	13.6	27.3

*our headquarters/an organization similar to ours is represented

T a b l e 4 Attitude of the representatives of workers and employers towards the latest fundamental legislation reform on the pension system (according to the statements of the social partners)

	employers		workers		total	
	n	%	n	%	n	%
strongly opposed	0	0.0	1	8.3	2	8.3
moderate opposition	4	40.0	2	16.7	6	25.0
subtotal	4	40.0	3	25.0	8	39.3
strongly supported	4	40.0	3	25.0	8	33.3
moderate support	1	10.0	5	41.7	6	25.0
subtotal	5	50.0	8	66.7	9	58.3
no position	1	10.0	1	8.3	2	8.3

The categories "Employers" and "Workers" do not include those respondents who failed to state whether they represented employers or workers.

40% of the representatives of the individual states' employer associations stated that their organization was moderately opposed to reform of the pension system. That attitude was expressed by just a quarter of the questioned workers' representatives. This picture does not tally with the response of state representatives, the vast majority of whom believe that employers have supported the reform (viz. Table 13). A close look at the consensus or lack of consensus in the assessments of individual categories of respondents (state administration and workers' representatives) revealed that there was complete agreement in each group's assessment in Slovenia, where both stated that workers' representatives were fundamentally opposed to the pension reform introduced in their country. In the case of Cyprus, identical opinions were found among all three categories of respondent (administration, unions, employers), with all agreeing that the social partners gave the reform maximum support. By contrast, we can find fundamental variance in Estonia: here the government rates the attitude of workers' representatives to pension reform as strongly opposed, which is in marked contrast to the workers' representatives, who stated that they moderately supported the reform.

Table 5 Influence of experts on pension reform

	n	%
domestic experts	9	36.0
international experts	8	32.0
equally by both	8	32.0

According to the representatives of the social partners, foreign and domestic experts were more or less equally involved in pension reform. The social partners in Romania and Poland stated that foreign experts played a greater role in pension reform than local experts.

Table 6 Actors and their influence on reform of the pension system

Ministry of Social Affairs	4.69
The World Bank and IMF	3.91
Politicians, political parties	3.88
Ministry of Finance	3.73
Trade Unions	3.42
International experts and consultants	3.25
The International Labour Organization	3.00
Employers' organizations	2.96
Pension system administrators	2.91
Domestic experts and consultants	2.88
The European Commission	2.77
Financial institutions	2.35

The order corresponds to the mean value on a scale of 1 (no influence) to 5 (very great influence).

The “league table” showing how much influence institutions had on reform of the pension system, as derived from the replies of the social partners, is not so different from the order derived from government representatives’ replies (viz. Table 16). In both cases the World Bank and International and Monetary Fund are perceived to have more influence on pension reform than all other national and international actors except the Ministry of Social Affairs. The main difference lies in the fact that state representatives attribute a significantly greater influence to domestic experts and consultants than the social partners, who regard political parties and their representatives as asserting the greatest influence.

Very interesting is the fact that very big influence is ascribed to the World Bank and International Monetary Fund – international institutions. While other participants at national level were marked as less influencing when discussing pension reform in applicant countries. Their eminent position may issue from their global knowledge of the pension systems and high credit given by transition countries.

Table 7 How was, or is, organized (institutionalized) the dialogue between the social partners on pension reform conducted?

	within the national tripartite council		within other bodies		during ad hoc conferences	
	n	%	n	%	n	%
yes	25	96.2	18	75.0	22	84.6
no	1	3.8	6	25.0	4	15.4

In almost all countries, the negotiations of tripartite commissions were fundamental for social dialogue on pension reform. Other institutions also played a major role in the organization of dialogue, however, as Table 7 makes clear.

Just one third (32.0%) of the social partners stated that there was consensus among the experts during discussions on the proposed reform of the pension system. This view of reality may be largely the respondents' subjective opinion. Even so, there is here a distinct difference of opinion between the representatives of state administration and the social partners. State representatives more frequently (70.0%) rate co-operation positively in the sense that the experts were in agreement during the individual discussions. A total of fifteen participants (78.9%) from the social partners replied that they had succeeded in asserting at least some of their interests during the reform negotiations.

T a b l e 8 How well did members of employers and workers understand the issues involved in the reform?

	employers		workers		total	
	n	%	n	%	n	%
very little understanding	0	0.0	3	25.0	3	11.5
understood some issues	8	72.7	6	50.0	15	57.7
high level of understanding	3	27.3	3	25.0	8	30.8

Unlike the respondents from state administration, 45% of whom believe that the level of knowledge and understanding of the issue of pension reform among employers and workers is very high, pension reform as a whole was not so comprehensible to the social partners themselves, or their member bases. Representatives of both employers and trade unions responded that their members understood just certain aspects of the reform. I can be the result of the fact that more than three-quarters of the respondents (80%) declared an attempt to organize training of their member base in matters of pension reform.

T a b l e 9 The social partners' main sources of information on pension reform

	government		expert studies		other trade union or employer association		other	
	n	%	n	%	n	%	n	%
yes	23	92.0	11	44.0	7	28.0	7	28.0
no	2	8.0	14	56.0	18	72.0	18	72.0

Looking at the above table, it is necessary to stress the important role of the state administration as a source of information on pension reform. A full 92% of the surveyed representatives of the social partners denoted the government, or state administration, as the most important information channel. This may be the result of the fundamental role of governments in organizing tripartite negotiations, which were so important for the dissemination of information among the social partners. Just under one half of the participants also cited expert studies as a source of information. 70.8% of representatives of the social partners (employers 80.0%, workers 54,5%) stated that their organizations possess a specialist on social security matters.

T a b l e 10 Involvement of employers' and workers' representatives in negotiations on legislation on pension reform

	employers		workers		total	
	n	%	n	%	n	%
heavily involved	4	40.0	5	41.7	11	44.0
somewhat involved	5	50.0	5	41.7	11	44.0
little involved	1	10.0	2	16.7	3	12.0

The social partners in almost every state were involved, at least partly, in the negotiations on legislation on pension reform. Only employer representatives in Hungary and workers' representatives in Poland and Lithuania stated that the social partners were only to a slight degree involved in negotiations on legislative reform of the pension system.

T a b l e 11 How did the organization of social partners pursue their objectives?

	employers				workers				total			
	yes		no		yes		no		yes		no	
	n	%	n	%	n	%	n	%	n	%	n	%
tripartite discussion forum	9	90.0	1	10.0	11	91.7	1	8.3	23	92.0	2	8.0
lobbying politicians	5	50.0	5	50.0	7	58.3	5	41.7	14	56.0	11	44.0
protest	2	20.0	8	80.0	3	25.0	9	75.0	7	28.0	18	72.0
other	2	20.0	8	80.0	0	0.0	12	100.0	2	8.0	23	92.0

Both the trade unions and employer associations assert their interests most frequently in tripartite discussion. Political lobbying is mentioned slightly more frequently by trade union representatives. More than half of the trade union representatives (58.3%) and 50% of employer respondents declared the practice of political lobbying.

T a b l e 12 What influence have the representatives of employers and workers had on pension reform in your country?

	employers		workers		total	
	n	%	n	%	n	%
high influence	2	20.0	6	50.0	9	36.0
some influence	5	50.0	5	41.7	12	48.0
little influence	3	30.0	1	8.3	4	16.0

In the same way as state administration attributed a greater influence on the shaping of pension reform to workers' representatives, so the trade unions themselves rated their own influence more positively than employers' representatives saw their influence. A fundamental difference we can find between the responses of the representatives of state administration and the social partners lies in the fact that the social partners are more skeptical in assessing the degree to which they had an impact on the course of pension reform.

80.8% of respondents from the social partners claim that the pension reforms that were enacted into law were very significant in their country. Some representatives from Lithuania, Slovakia, Hungary and Romania regard it as less significant.

2.3 Attitudes of the governments of EU candidate countries to pension reform

In most countries the attitudes of the individual actors in social dialogue (employers and workers) towards reform of the pension system diverge. Whilst employers, according to the representatives of state administration, were moderately in support of pension reform, 40% of workers' representatives were against. Strong opposition to the proposed reform could be found among workers' representatives in Slovenia and Estonia.

T a b l e 13 Attitude of workers' and employers' representatives toward the latest fundamental legislative reform on the pension system (according to governments)

	employers		workers	
	n	%	n	%
strong opposition	0	0.0	3	15.0
moderate opposition	1	5.0	5	25.0
subtotal	1	5.0	8	40,0
strong support	4	20.0	5	25.0
moderate support	14	70.0	7	35.0
subtotal	18	90.0	12	60,0
no position	1	5.0	0	0.0

T a b l e 14 Year of pension reform in EU candidate countries¹

	pension reform year
Poland	1998-99
Bulgaria	2000
Lithuania	1995
Czech Republic	1995
Estonia	2001
Malta	1979
Latvia	1995
Slovenia	2000
Slovakia	2002
Romania	2000
Hungary	1997-98
Cyprus	1980

T a b l e 15 Influence of experts on pension reform

	n	%
domestic experts	7	35.0
international experts	4	20.0
equally by both	9	45.0

Government representatives in Romania, Hungary and Lithuania declared that expert advice on pension reform comes mainly from international specialists.

T a b l e 16 Actors and their influence on pension reform

Ministry of Social Affairs	4.50
The World Bank and the IMF	3.70
Domestic experts and consultants	3.39
Trade Unions	3.35
Ministry of Finance	3.32
Politicians, political parties	3.21
Pension system administrators (public, general scheme)	3.17
Employer's organizations	2.94
International experts and consultants	2.83
The International Labour Organization	2.72
Financial institutions (i.e. life insurance companies, etc.)	2.44
The European Commission (EU)	1.67

The order corresponds to the mean value on a scale of 1 (no influence) to 5 (very great influence)

¹ Respondents haven't declared whether the year of pension reform in their country belongs to the passage of the law or implementation of the law.

According to the respondents, the Ministry of Social Affairs (or the Ministry of Labour of Social Affairs), the World Bank and the International Monetary Fund, experts and consultants, the trade unions and the Ministry of Finance had the greatest influence on reform of the pension system.

T a b l e 17 How was, or is, organized (institutionalized) dialogue between the social partners on pension reform conducted?

	within the national tripartite council		within other bodies		during ad hoc conferences	
	n	%	n	%	n	%
yes	17	85.0	12	60.0	15	75.0
no	3	15.0	8	40.0	5	25.0

The vast majority of representatives of state administration stated that organized dialogue on pension reform takes place primarily within the tripartite system. Representatives in Poland, Lithuania and Hungary gave negative replies in this context. What is interesting is that respondents from the social partners in these countries expressed the opposite opinion. By contrast, only in Latvia did representatives of the social partners state that dialogue on pension reform does not take place in the tripartite system – it therefore did not agree with its state counterpart.

70.0% of representatives of state administration stated that there was consensus among experts on the proposed reform of the pension system.

T a b l e 18 How well did employers' and workers' organizations understand the issues involved in the reform?

	n	%	n	%
very little understanding	2	10.0	2	10.0
understood some issues	9	45.0	9	45.0
high level of understanding	9	45.0	9	45.0

According to state administration respondents, the trade union and employer organizations equally understood the individual steps in pension reform in their countries. A high level of understanding or at least a partial understanding of the issue was usually stated.

All the states except Romania stated that the government tried to inform the public about pension reform.

T a b l e 19 How active were the representatives of workers and employers in negotiations on legislation on pension reform legislation?

	employers		workers	
	n	%	n	%
heavily involved	3	15.0	6	30.0
somewhat involved	14	70.0	12	60.0
little involved	2	10.0	1	5.0
not involved	1	5.0	1	5.0
mean		2.1		1.9

According to governments, the social partners were involved in the legislative preparation of pension reform in the majority of states. One exception was Hungary, where government representatives stated that neither employers nor workers took an active part in negotiations on legislative reform of the pension system. The results in the table show clearly that the degree of involvement of the unions in pension reform was slightly greater than that of employer associations.

T a b l e 20 How do the social partners assert their interests?

	yes		no	
	n	%	n	%
tripartite discussion forum	18	90.0	2	10.0
lobbying politicians	12	60.0	8	40.0
protest	4	20.0	16	80.0
other	2	10.0	18	90.0

The picture painted by the answers from state representatives tallies with the statements of the social partners. The overwhelming majority of organizations (trade unions, employer associations) assert their interests at tripartite negotiations and through lobbying.

T a b l e 21 To what extent did workers' and employers' representatives influence on pension reform in your country?

	employers		workers	
	n	%	n	%
high influence	5	25.0	9	45.0
some influence	11	55.0	8	40.0
little influence	4	20.0	3	15.0

Government representatives attributed at least a partial influence on the shaping of pension reform to the social partners. In terms of the strength of influence, trade unions were assessed as more influential (45.0%) than employers (25.0%).

Respondents in Hungary claimed that the social partners had little influence on the shaping of pension reform. Employers in Lithuania and unions in Poland and Malta also had very little influence on pension reform.

The majority of respondents stated that the legislative reform of the pension system was very significant. Only government representatives in Lithuania and Latvia attributed less importance to it.

Apart from Malta and Latvia, all the states declared that during negotiations on pension reform the social partners asserted some of their opinions, such as a reduction in the envisaged retirement age, unequal retirement ages for men and women, slower course and application of the changes etc.

3. Case studies

3.1 Czech Republic – role of the social partners in the preparation for pension reform

3.1.1 Opinion of the trade unions (the largest trade union headquarters ČMKOS – Czech and Moravian Confederation of Trade Unions CMCTU)

a) Attitude of CMCTU towards reform of the funding of the pension system in the Czech Republic

As early as in the first half of the 1990s, pension reform, including the requirement to separate the chapter of sickness, injury and pension insurance from the state budget, became a widely discussed and highly contentious question that has not been satisfactorily resolved from the point of view of the social partners.

It was not just a case of tripartite negotiations. Representatives of the social partners took part in discussions of the Interim Commission for Pension Reform set up by the Chamber of Deputies of the Parliament of the Czech Republic, which were public. Although they did not enjoy the same status as parliamentary deputies or senators, they were able to address the meetings and state their opinions. Social conferences were an entirely new platform for asserting the opinions of the social partners – in this case the Social Conference on Pension Reform in October 2000, where the social democratic government's plans for continuing pension reform were presented. Besides representatives of employer organizations and trade union headquarters, the conference was attended by a number of other non-government organizations. The goal of the social conferences was to provide an arena where the opinions and standpoints of representative bodies could be exchanged, thus contributing to the search for a socially viable solution. The information and comments raised at the conference were used by the Ministry of Labour and Social Affairs to fine-tune the government's Concept of the Further Continuation of Pension Reform.

Pensions are one of the priority issues of trade union policy. The basic standpoint of the largest trade union headquarters – CMCTU – is contained in the CMCTU Programme for 2002-2006, approved by its 3rd Congress in April 2002. CMCTU accepts the need for gradual improvement of the existing social systems, and pension insurance in particular, stemming from the demographic and other changes taking place in society. It commits itself to push for such measures as will guarantee dignified living conditions for all citizens. CMCTU's programme objectives include increasing the purchasing power of pensions "in the immediate future at least to 1989 levels and further so that pensioners can play a proportionate role in the increasing affluence of society", the formation of a tripartite-managed Social Insurance Company, the formation of employer supplemental pension schemes run on a non-profit basis, putting in place the right conditions for proportionate supplemental insurance of employees in the public sector, and eliminating the unequal conditions in the area of social (and healthcare) insurance of employees and the self-employed.

In its pre-election trade union pamphlet the choice between a dignified or undignified old age, i.e. a solution to reforming the pension system, is at the top of the list of problems at issue for the trade unions in the post-election period. In other words, the pensions issue is ranked higher than employee protection (the question of a new Labour Code) and EU entry.

As part of its professional apparatus CMCTU can always draw on one highly qualified and renowned specialist for the area of pensions. Conceptual documents formulating current opinions on pension reform are approved by the executive body running the confederation in the period between sessions of the CMCTU Assembly and the CMCTU Council. The Council tends to be well acquainted with the current state of expert and especially political debate on pension reform and, based on the principles proposed, passes resolutions to defend the particular updated trade union concept of reform.

CMCTU, and thus all the unions associated in it, chiefly supports the preservation of the pay-as-you-go financing of the basic pension system and rejects radical pension reform. It advocates the need to find pan-societal consensus in this matter. Yet it does regard reform of the funding of the pension system as essential, given the constant increase in the ratio of pensioners to contributors and the (since 1997) worsening deficit in the pension system. CMCTU stresses the fact that right-wing governments have squandered away all the surplus in pension insurance from previous years and accepts the supposition that any transformation of the pension system will not be able to rely on extraordinary funds from the privatization of state assets, nor even on the possibility of the state budget playing a greater role in the foundations of this transformation.

CMCTU welcomes the improvement since 1996 in the level of new pensions paid out for insures with average and lower wages, but it condemns the stagnation of the level of pensions awarded mainly between 1989 and 1995 (this is the problem of “old pensioners”, a problem that the reform must address).

First and foremost, CMCTU advocates the pay-as-you-go basic system – the goal should be to guarantee internationally recognized standards of pensions. It rejects the division of the existing basic pension system, i.e. the first pillar, into a pay-as-you-go part and a mandatory savings part. The pay-as-you-go “solidarity” pillar should be preserved at existing levels; additionally, supplemental systems based on employer pension schemes and voluntary participation should be expanded. It believes that it is imperative to perform stabilizing corrections during the changes, such as contribution tariffs, conditions for claiming benefits etc. According to CMCTU, the function of the first pillar consists in guaranteeing commensurate incomes during retirement age primarily for the middle-income strata, and in particular hired labourers who bear the biggest burden of costs in the system. The ratio of pensions to wages (the degree of replacement) from this source should be kept at around 45% of average pension to average wage (i.e. approximately 57% of net wages), or should even be gradually increased to up to 50% of average gross wages or approximately 63% of net wages. This opinion of CMCTU is based on historical traditions, the satisfaction of the majority of citizens with the existing system and the need to ensure that there are disability and survivors’ pensions, which is almost impossible in anything but a solidarity-based system.

In the assessment of full and partial disability, the trade unions demand that the inordinate severity in the way they are awarded be eliminated.

As far as pension contribution rates are concerned, the trade unions are not against increasing them, but they would prefer to make the pension system financially stronger through a redistribution of the part of the funds earmarked for employment policy.

CMCTU sees the main aim of pension reform as being to guarantee citizens a dignified standard of living in old age. In line with this it believes that the main objective of

the pension system should be ensuring that citizens have the highest possible individual return on funds (i.e. equivalence). CMCTU demands that the continued pension reform accept the precondition of permanence in the question of preserving the aforementioned minimum of a 45% ratio of average old-age pensions to gross wages – not, therefore, only for a certain period determined by the lower level of pensions from supplemental systems.

CMCTU also states negative opinions on other matters: e.g. combining the pay-as-you-go system of financing with partial mandatory saving (i.e. it rejects even the partial privatization of the basic pension system), as it does not regard this combination of the existing financing system with capital saving as a solution to the existing problems of the pension system. Nor does it agree with a transition, even gradual, to a defined contribution system, as adapting the size of pensions awarded in this system to the increasing length of life can only be done at the cost of reducing its size and thus reducing the ratio between pensions and wages. This shortcoming cannot be outweighed by the transparency of a defined contribution system (where citizens would gain an overview of their funds for old age maintained in their personal records), as any marked reduction in solidarity in consequence of a shift to a defined contribution system would make the system unable to guarantee a dignified standard of living for all citizens in old age. CMCTU therefore prefers the existing method for calculating pensions.

The trade unions think it inappropriate for the financial equilibrium of the pension system to be conserved at the cost that new pensions awarded to participants on less than the average wage (i.e. at least 60% of all participants) would often be very low, which would inevitably give rise to a large group of pensions dependent on the minimum pension.

On the other hand, the unions have nothing against a change in the extra computation of the period of contribution determinative for the size of pension so that becoming a full disability pensioner is not more advantageous than becoming an old-age pensioner, or extending the period of contribution necessary for claiming a pension.

CMCTU demands the introduction of a minimum award base and an increase in the existing award base, including the award base for self-employed persons.

At the start of 2001 the biggest trade union associations provided their comments on the concept of the further continuation of pension reform prepared by the Ministry of Labour and Social Affairs. One of the objections raised by CMCTU, for example, in connection with this departmental plan was disagreement with the principle making it possible for full disability pensions to be more advantageous than pensions upon early retirement. CMCTU stresses that there is no choice involved in full disability pensions, as disability is a health condition, whereas with early retirement there is usually a choice. CMCTU does not agree with the introduction of an upper limit for the concurrence of survivors' pensions awarded after one deceased person, nor with the setting of this upper limit at 100% of the deceased's pension entitlement, as this solution would seriously harm families with two and more orphans (yet the outlay for these purposes is not large. CMCTU). For determination of the degree of indexation in line with wage developments CMCTU demands a legislative solution, not just government resolutions. As far as concurrence of pensions and gainful earnings is concerned, CMCTU prefers cutting the earnings in a particular proportion to earnings upon the exceeding of an incomes limit. It does not agree with an increase in the age limit for permanent entitlement to widows' and widowers' pensions – in the event of these age limits being unified it recommends an age limit of 58. It does not agree with the suggestion that a period of care for a child of up to 4 years of age or a period of collection of a full disability

pension be assessed at just 50% for old-age pensions. CMCTU also opposes the proposed assessment of periods of unemployment for pensions, whereby only the period during which job seekers are entitled to unemployment benefit would be taken into account. CMCTU regards as unreasonably severe the proposal to take into account merely periods of care for a seriously disabled child up to 7 years of age and not up to 18 years of age, likewise the proposal to scrap periods of study up to 18 years of age as substitute periods, etc.

As far as the last legislative activity of the social democratic government is concerned – the draft amendment of Act no. 155/1995 Coll., on pension insurance, as amended – which the Working Group of the Council for Economic and Social Consensus of the Czech Republic for the Concept of Pension Reform approved at its February 2002 session, CMCTU supported the draft act in the Council of Economic and Social Consensus of the Czech Republic. It did point out, however, that it is still relevant to reckon with an index of pensioners' living expenses, chiefly in view of the expected high growth in housing and food costs in the period following the Czech Republic's entry to the European Union².

b) Formation of a social insurance company

The unions regard the creation of a stable and transparent system of funding and paying out pensions as a duty of the state towards its citizens. For this reason one of CMCTU's pension reform demands is to separate the pension "fund" from the state budget and to administer it on a tripartite basis. The unions want to complete the organizational and financial separation of basic pension insurance from the state so that it is not exposed to the risk that the funds earmarked for pensions are used to cover other expenditure in the state budget as well as the risk of changes in the pension system at every change of government. The unions regard the creation of a social insurance company, separate from the state budget, as the most effective means of achieving these goals.

CMCTU advocates the establishment of a social insurance company over the long term, whilst also demanding that the formation of the insurance company bring about an adjustment in the state's payments on behalf of insurees who do not pay insurance by law. CMCTU therefore endorsed the government's draft act on the social insurance company, which satisfied these conditions. After receiving the approval of the social partners in the Council for Economic and Social Consensus the draft act was put before the Chamber of Deputies in 2001, but it was opposed by opposition deputies and did not pass.

c) Employee supplemental pension insurance

The unions want it to be possible to create employer pension funds on a non-profit basis and with a special tax status. One of the key advantages of this form of supplemental pension scheme is seen in the existence of a direct link between the contributions paid in and wages received (pension contributions are regarded as a deferred wage component). That is in contrast to the supplemental pension scheme with a state contribution, where the natural link between wages and pensions, designed to preserve a reasonably similar standard of living after the end of a person's working life, was rejected, which led to an egalitarian concept of

² The main purpose of the amendment, the draft of which was submitted outside the government's legislation plan, is to valorize pensions at a regular time every year and to enable decisions on increasing pensions to be made on the basis of the statistics and indicators that are decisive for valorization. That should lead to a more rational means of increasing pensions in terms of organization and financing, should prevent sharp increases in expenditure due to mere estimation and should thus make it easier to compile and approve the state budget. The amendment conserves the principle of a link between the fixing of a minimum increase and price rises and real wages growth, but, unlike the existing legislation, it guarantees an increase corresponding to at least 100% of the growth in the consumer prices index, which is designed to ensure that the real value of pensions is preserved.

supplemental pension insurance and a weakening of the significance of the pension as a continuation of wages. The unions regard the employee supplemental pension scheme as the most widespread, stable and credible form of supplemental provision for old age.

The unions date their interest in the issue of employee supplemental pension schemes back to 1990, when the then Civic Forum government, in place of the scrapped pension categories, which were considered unsystematic, pledged to create an employee supplemental pension scheme in which employers would participate by paying in a contribution and would administer these funds together with employee representatives³.

After complicated negotiations in the Council for Economic and Social Consensus, trade union representatives backed the government's draft act on an employee supplemental pension scheme from 2001, based on standard principles of employee supplemental pension schemes in EU countries and regarded as sound legislation by the unions. It was expected that the proposed system would be an appropriate complement to the existing supplemental pension scheme with a state contribution and that it would help improve the quality of the market environment in supplemental pension systems, partly by virtue of the lower operating costs compared to the supplemental scheme with a state contribution. The trade unions appreciate the extensive safety rules of the proposed system, its transparency and the guarantees leading to attainment of higher revenues for participants, as well as the realistic expectation that employer contributions would become part of the collective bargaining process and that supplemental schemes would develop and become a significant component of corporate social programmes. The opposition majority in the Chamber of Deputies rejected the bill, however.

The circumstances described above demonstrate CMCTU's attitude. In as early as 1991 CMCTU initiated the start of work on a draft act on supplemental pension systems in connection with the abolition of work categories in pensions. Employee supplemental pension schemes were to enable at least partial compensation for the loss of higher pension claims for employees working in unhealthy and dangerous work environments. Union representatives were involved in the work of the Federal Ministry of Labour and Social Affairs' commission that drew up the draft act. The bill was completed after the division of Czechoslovakia and was debated by the tripartite partners at their April 1993 session and recommended to the government and parliament. A council of economic ministers rejected the draft in July of the same year, however, and the bill on a supplemental pension scheme with a state contribution was initiated – parliament later passed this act. Despite these developments CMCTU still did not regard the idea of employee supplemental pension insurance as dead, especially in the light of the persisting absence (due to the tax parameters then in place) of greater participation by employers in supplemental pension insurance with a state contribution. CMCTU also championed the need to widen the range of voluntary supplemental pension systems on offer under the second pillar, in particular the use of standard employer pension schemes on a non-profit basis, at its 2nd Congress in May 1998 (it should be pointed out, however, that there was not full consensus among the trade unions associated in CMCTU on the issue of employee supplemental pension schemes – 67% of trade unions voted in favour of employer supplemental pension schemes at the time, whilst 8% opposed the introduction of this system and a quarter of the total number of trade unions expressed no opinion on the matter).

³ None of the governments before Zeman's social democratic government fulfilled this promise.

CMCTU as a whole is convinced that employee supplemental pension schemes have considerable advantages over supplemental pension insurance with a state contribution and commercial insurance and that these advantages justify its intention to introduce this supplemental scheme even though the amendment of Act no. 42/1994 Coll. largely improved employers' attitudes to the already existing system of supplemental schemes (in the sense of employers' contributions to employee's supplemental pension insurance). What is important is that employee supplemental schemes would be run by an independent non-profit entity; the fund should be administered on a democratic basis, which means with equal involvement of representatives of employers, employees and former employees in democratically elected bodies (unlike existing pension funds where decision-making falls to the owner of the fund); all revenues from economic activity in employee supplemental pension insurance should be intended solely for the benefit of the scheme participants, either through increasing their benefits, cutting their contributions or investing in developing the fund (whereas in existing pension funds part of the revenues is channelled into shareholders' dividends); employee supplemental pension schemes would be better able to react to the specifics of the sector (e.g. in the case of pension security for persons in professions formerly ranked as "privileged work categories"); and the employer's contributions can easily be deduced from developments in the wages paid out. The unions expect⁴ that the direct link between supplemental insurance and participants' employment would mean that employee supplemental schemes would benefit the development of collective bargaining and thus help maintain social consensus in firms, as well as increasing the credibility and preserving the good reputation of the employer.

Linked to its support for the idea of employer pension funds CMCTU proclaims the need to put in place the right conditions for appropriate employee supplemental pension schemes in the public sector.

⁴ Another element illustrating the attitudes of trade unions is the articles by trade union leaders in the press. For example, R. Falbr's article in *Právo a zaměstnání* magazine no. 4/2002 is largely devoted to arguing in favour of employee supplemental pension schemes (whereby he naturally cannot avoid the question of the expediency and suitability of the parallel existence of and of course competition between two supplemental pension systems). When listing the shortcomings of supplemental pension schemes with a state contribution the article refers to the Final Report of the Interim Commission for Pension Reform of the Chamber of Deputies of Parliament of the Czech Republic, which mentions the lower security of the invested funds due to the fragmentation of authority and the work of state supervision, the less transparent financial management caused by the half-baked separation of the funds of participants and shareholders, the higher operating costs as a result of the individual nature of the system, the short-term nature of supplemental insurance which serves as an advantageous form of saving rather than provision for old age etc. The author, until recently chairman of CMCTU, is convinced that employee supplemental pension schemes is able to deal with these problems as it is based on a non-profit principle and collective bargaining. He points out that existing pension funds are joint stock companies which, to make profit, also use the state contribution, provided out of public finances i.e. taxpayers' money, although only the participants benefit from the system (which implies a problem of the entitlement to use state budget funds to finance a private entity). Additionally, existing pension funds spend approximately 25% of their total incomes on administrative outlays, including rewarding dealers and advertising, whilst shareholders' dividends form another, not so transparent share of profit. Given that most of these funds are today owned by western financial groups, part of the finances subsidized by the state contribution leaves the country. Falbr believes that the risk of bad financial management is comparable in both types of pension fund, but as far as control and supervision is concerned, external supervision in employee funds is complemented by the internal supervision conducted by the trade union organization (which means that "control is therefore much more direct and thorough"). Foreign experience has shown that the running costs of employee funds are roughly 8-10% of the sum of annual contributions. To conclude the assures the reader that employee supplemental pension schemes are an opportunity for strengthening the role of trade unions and their standing at the corporate level, which "... is completely in line with the understanding of employee supplemental pension schemes as they exist and prosper in developed Western European countries".

3.1.2 Opinion of employer representatives (opinion of the biggest association – the Federation of Industry and Transport of the Czech Republic)

The strategic objective of the Federation of Industry and Transport of the Czech Republic, as contained in its Programme Declaration for 2002 to 2004, is “to participate in the preparation of reform of the pension system”. External services (in the form of one highly qualified specialist) are used for the purposes of formulating and presenting the opinions shared by the organizations of employers represented in the Federation of Industry and Transport of the Czech Republic, and usually broader employer representation as well, on questions of pension reform. The relevant declared aim is “to support the creation of a system stimulating the use of a group form of saving for old age (with employer contributions) and promote improvements in the tax conditions for supplemental life assurance and supplemental pension schemes”.

In the Council for Economic and Social Consensus, the Federation of Industry and Transport of the Czech Republic, like CMCTU, welcomed both the draft amendment of the act on pension insurance and the draft act on employee supplemental pension insurance and amendments to certain acts, where it also took into account the extent to which the federation’s comments had been accepted by the legislator.

The latest, though as yet unofficial, opinion on the substance of pension reform diverges from the ideas asserted to date, even though their starting points are comparable. Besides the experiences gained hitherto in the course of pension reform, the concept set out below is based on the conviction that transformation of the pension system is essential, based both on a categorical acceptance of demographic trends (relatively low birth rate, the expected retirement age of baby boomers and the prolonging of life) and the resulting real and hypothetical calculations of the future needs of the system. The lack of domestic capital and the relatively low volume of deferred consumption funds are also taken into account. Factors taken into account in the area of sociopolitical conditions are the existing degree of intergenerational and income solidarity – employers rate this degree as high – and the existing degree of redistribution within the state’s direct authority, which is regarded as excessive even.

The framework scenario set out below is regarded as a rational and reasonable way of resolving the problem:

1. amending the act on pension insurance:
 - a. benefits for early retirement, in line with actuarial insurance principles and including possible penalties for failing to comply with the duty to pay contributions into the system;
 - b. benefits for late retirement, also in line with actuarial insurance principles, including possible amelioration for paying in extra contributions;
 - c. a limit for the concurrence of survivors’ benefits corresponding to the sum of pension incomes of the family before the death of the pensioner;
 - d. the conditions of payment of contributions to be equal for all participants.
2. making the employee supplemental pension schemes in the government’s draft act mandatory insurance, whereby
 - a. employees would pay into their account 2% of gross income, starting at the age of 30;
 - b. employers would also pay into employees’ accounts 2% of their gross wage (for employees younger than 30 employers would pay this sum into the pay-as-you-go system)
 - c. both employees and employers would be able voluntarily to make greater payments, linked to tax breaks.

3. implementing the draft act on the social insurance company as already prepared but rejected by parliament, with the understanding that:
 - a. sickness insurance will be made separate from this insurance company;
 - b. the insurance company will administer the pay-as-you-go system of pension insurance;
 - c. it will also administer the personal accounts of employee pension scheme participants, whereby the social insurance company could entrust other entities with administration of these funds by means of a licence or public tender.
4. amending the act on supplemental pension schemes with a state contribution to ensure that the assets of the fund are separated from the assets of participants in a system which is well set up and which more than half the active population is currently involved in.

It is expected that these measures would bring financial equilibrium to the first pillar, which currently makes a loss of over one-tenth of its outlays, would establish a three-pillar system without pronounced costs on the concurrence of the two systems that are the biggest problems of the transformation, and would raise the incomes of pensioners compared to the current system by means of the benefits from the second pillar.

3.2. Poland - role of the social partners

The case study is based entirely on provided interviews. One of the interviewed persons was involved in the Plenipotentiary Office and now works at the Ministry of Labour – Mrs. Agnieszka Chlon. She was very well informed and knew a lot about the reform, its preparations and also from her current position she talked about different points connected with reform phases and also meant, even quoted significant sources of data.

3.2.1 The environment in which the reform of pension security was prepared

All the respondents agree in their opinions on the atmosphere in the country during the discussions on reform. In Poland it was quite evident that the demographic and economic development (chiefly the falling ratio of workers to claimants was alarming) made the original system, based on pay-as-you-go financing, unsustainable. In general, reform was seen as essential and desirable for smooth development in the future. The financial crisis, the rising unemployment, the increase in the number of disability pensioners and early retirement pensioners and citizens' cooler attitude towards the state supported reform ideas based on individual provision for old age.

Modifications to the system were discussed right from the start of the 1990s, and not just in specialist circles. Besides employers, trade unions and state administration, groups of experts (economists, financial specialists etc.) and also the media were involved in the preparations.

3.2.2 Institutional backdrop of the negotiations on reform

Based on the regular interval for tripartite negotiations is laid down by law, members of the tripartite commission for social security met to discuss proposals that had been submitted or were being prepared.

The government's Office of the Plenipotentiary, which appraised the individual proposals and used the available materials and information to create its own basis for reform of the system of pension security, was the decisive body. Although it was established as a part of the ministry of labour, in 1996 it was made separate from the ministry and directly

subordinate to the premier. At that time the ministry of labour, unlike the ministry of finance, the president and the premier, opposed the reform.

In 1998 a parliamentary commission for social policy and the family was set up, composed of members of parliament. They elected the chairman and his deputy. The commission's sessions are regularly attended by the minister of the given department or the representative of superior bodies. Members and representatives of professional and social organizations can also be invited to sessions. With a quorum of 1/3 of its members the commission can pass resolutions and issue declarations and reports or requests. If votes are split, the chairman's vote is decisive.

3.2.3 Powers of the body responsible for reform

The Office of the Plenipotentiary was a government body bringing together experts from various fields. Its task was to analyse and appraise the submitted reform proposals and to create a suitable environment for approval of the reforms and a solution for reform of the system. Its members included Marek Gora, Michal Rutkowski (later working for the World Bank), Agnieszka Chlon (now at the ministry of labour). The result of the Office's work was a document called Security through Diversity, which was passed in 1997.

The Office was responsible for reform. If consensus was not achieved during discussions and debates, it was the Office that decided. The final decision fell to parliament, of course.

The Office hired a public relations agency to keep the population informed of the reform being prepared. The agency issued information brochures and pamphlets, distributed them in various areas and set up a telephone hotline etc.

The tripartite commission (founded in February 1994) chiefly enabled political representatives and the social partners to express their opinions. That made it an important part of the debate on reform. According to trade union representatives its work was effective up to the middle of 1998, when there was a change of government and debate became politically "impossible". Its activity was stopped in May 1999, only to be renewed at the end of 2001.

Work in the tripartite commission was based mainly on agreement and consensus. The commission agreed on fundamental questions, but was divided on certain proposals.

The parliamentary commission consisting of representatives of parliamentary political parties passed resolutions and issued declarations, reports and requests, which were then put before parliament. In the event of split voting the commission chairman's vote was decisive. It was the specially established Office of the Plenipotentiary that was in charge of pension reform, however.

3.2.4 Participation by the surveyed institutions in negotiations on the concept of pension reform

OPZZ – representatives of the associations of trade unions – participated intensively in the preparations for pension reform in the Poland. At the start of the 1990s discussions on the system of social security were launched and the ministry of labour subsequently asked the social partners to submit their own proposals for legislative change of the system. Before a specific material on changes to social security was even submitted, the trade union associations made a detailed study of their members' attitudes towards the arrangement of the system. It discussed with them in detail the current state of affairs, its causes and possible consequences and the need to make adjustments designed to make the system sustainable. OPZZ(AATU) consulted in all possible areas and regions, sent out questionnaires to various

places, organized discussions on the pension system and the possible changes and subsequently formed one reform proposal, which it submitted to the ministry.

Besides the association of trade unions representing the vast majority of Polish trade unions, representatives of the Solidarity trade union also took part in the discussions. Its proposals and opinions too were discussed during the preparatory period. At its congress in 1995 the trade union approved the project to reform pension security.

Employer representatives did not take much part in the preparations, however, and did not present their own idea of reform of the existing system. In principle it agreed with the reform and expressed support for it.

After obtaining the specific proposals the ministry initiated a far-reaching expert debate. Documents drawn up by the Ministry of Labour, the Ministry of Finance, the Institute of Labour and Social Affairs and the trade unions were among the most important. The proposals were appraised by the new Office of the Plenipotentiary for Pension Reform, established by the minister in 1996. The Office subsequently submitted its Security through Diversity study, which was approved by parliament, thus launching the various parts of the reform: adjustment of the second pillar, introduction of a third pillar, separating the budget for old-age, sickness, disability and injury insurance, covering transformation costs out of privatization of state firms and so on.

The trade unions regularly met with other players in tripartite discussions and debated the proposed reform steps. In 1998 an independent parliamentary commission for the issue of pensions was set up.

Social dialogue in Poland developed successfully in the context of tripartite negotiations.

3.2.5 Preparation of a concept of reform within the surveyed institute

The first study on reform of the pension system was submitted back in 1991 by the chairman of the Institute of Social Insurance, Mr Wisniewski, in collaboration with Mr Topinski. But their work did not generate much interest.

In 1994 the ministry of finance submitted a proposal for economic reform and, within its framework, a modification of the system of retirement security. It was followed by a ministry of labour proposal supporting parametric reform. Proposals on the basic points of reform were also submitted by the Institute of Labour and Social Affairs (equivalent to the Ministry of Labour's proposal), Solidarity (similar proposal to the Ministry of Finance's) and the OPZZ (All-Poland Association of Trade Unions). The Office of the Plenipotentiary worked with these proposals and used them as a base for its own version of the reform process.

OPZZ prepared its document very carefully, after many interviews and discussions with its members and using materials gathered from various sources.

Solidarity also submitted a proposal approved at its congress in 1995. Its proposal was very general and summary, but it was also understandable to laymen. More detailed analyses of the specific proposals were discussed later during expert debates.

3.2.6 Opinions on the fundamental differences in the concepts submitted by the social partners

As the interviews made clear, consensus was achieved in the fundamental points when the proposals were discussed. Central to this was the awareness that the existing arrangement was unsustainable and needed reform. All the actors agree on the need for consensus if reform is to pass smoothly. There is no doubt that the various actors had different opinions on the individual elements, but discussions on further adjustments still continue, even though there is no longer a risk of the entire system collapsing.

No sooner had the individual concepts been handed over and while the system was being prepared for the adjustments OPZZ requested an extension of the time for implementation of new elements because the Institute of Social Insurance (ZUS) was evidently not ready. Their system was not sufficiently technically prepared and was not able to transfer the individual contributions into the funds or to identify the individual accounts. Besides that, the Alliance proposed modifying the system of insurance for special categories of the population working in difficult conditions.

Solidarity tried to be realistic in its proposal and not to promise the impossible. It proposed that money from privatization be moved into ZUS, or that all privatization revenues be used to cover the costs associated with transforming the pension system, for the pension funds and their initial investments. In 1997 the government decided to use the privatization revenues in the budget but it did not transfer the entire sum at once and this money was divided up between other departments that also needed support during transformation.

3.2.7 Sense of being informed

The social partners were kept informed by means of regular meetings of the tripartite commission. It was in the government's interest to have as wide a range of opinions on reform as possible. This meant that there was no information problem among the actors in social dialogue. Representatives of all the organizations met regularly to exchange opinions and information.

In 1997 a public relations agency was hired to take charge of this part of the debate on reform. The first campaign in 1997 was followed by another in 1999. These campaigns covered a lot of ground and were costly. The media was also involved, focusing rather on informing the public but also providing a forum for expert debate. An information hotline was set up and pamphlets and brochures explaining the causes and consequences of the reforms under consideration were issued. Individual pension funds also invested considerable sums in advertising.

In public opinion surveys people were asked about their awareness of the reform, their understanding of it and their support for it. They felt that they were informed, as they knew that the information was available. But they did not possess specific knowledge of the procedures and their consequences, maybe for the very reason that they realised that they could obtain this information without difficulty when necessary.

3.2.8. Satisfaction with the reform and with the course of social dialogue

The social actors contacted in the research agreed that there was sufficient social dialogue in the preparations for reform and that the debate was launched at the right time (the demographic situation was not yet acutely critical). Needless to say, all the requirements of all actors were not satisfied fully, but they all agreed on the fundamental matters. In other words, they reached consensus in the interest of a new arrangement and the quick launch of the

reform process. Two consecutive governments supported the reform and the political will for reform existed.

One of the criticized indicators of the reform of the pension system is the insufficient amount of time devoted to debates and preparations. OPZZ in particular drew attention to ZUS's lack of readiness and to the lack of interest in social dialogue after 1998 stemming from the political changes. Furthermore, some have mentioned the adverse effect of the media, which devoted a lot of space to advertising by private pension funds, advertising which was not entirely above board (promising the impossible etc.). On the other hand there is the not so influential information campaign by the state. Besides that, interviewees mentioned the possibility of financial influence of the World Bank on the Office of the Plenipotentiary and its aid during the transformation of ZUS (M. Mora, E. Tomaszewska).

Some of those involved have objections to the current social dialogue. Ewa Tomaszewska, representing Solidarity, complained about the scrapping of the control body of the fund pillar (UNFE), whose function is now carried out by a special commission. In her opinion the commission is ineffective. She condemns political influences on the commission.

The Alliance of Trade Unions also stresses the change in the government's interest in debate. After a critical period in 1998-99, the situation is once again improving, according to OPZZ representatives. They still call for a new arrangement for pensions for special categories of employees and better investment policy by the pension funds, however.

The legislation on tripartite discussions, which are the basis for social dialogue, still applies. The most hotly debated points have recently been the modification of insurance for employment injuries, the means of indexing benefits, the expansion and alteration of the working of open-ended pensions funds and an adjustment of the actuarial insurance principles.

3.2.9 Advice and recommendations for countries preparing to reform their social security system

The most important recommendations include:

1. broad – not just political – consensus
2. thorough preparation, if possible without time pressure
3. involvement of the largest possible number of players and analysis of all possible aspects of proposals
4. implementation of new elements should only begin once everyone is completely prepared
5. sufficient control over private pension funds/companies
6. do not treat too lightly the need to keep the population informed about the reform elements being prepared and their consequences
7. draw on the advice of experts and advice from other countries who already have experience with reform
8. stick to “your own” reform project (do not leave it to international organizations).

3.2.10 Questions on certain contentious opinion statements in the questionnaires

Employers' attitude towards reform - They were not actively involved in the preparations for reform, they were not even well informed about the proposals and they therefore did not know what duties the changes would impose on them; they merely suspected their they would have more duties (more detailed records on payments into the system). Nevertheless, they had no reason not to support the reform, mainly because it has so far been only employers who are required to make payments and the new legislation would shift part of this to employees.

Involvement and degree of influence of international and domestic experts - International experts were involved in the debate and their opinions were taken into account, but all decisions were taken in Poland and made allowance for its specific situation, something that international institutions and experts somewhat overlooked. Their view and visions were more global in nature (e.g. the World Bank).

Opinion on the organization of social dialogue - Dialogue was organized – if nothing else then by the existing legislation on tripartite debate. In the second half of 1998 the activity of the tripartite commission was interrupted, but in it was renewed in November 2001 and social dialogue is taking place again.

3.3 Comparison of countries from the case studies

The conducted research found the two countries (i.e. Poland and the Czech Republic) in different situations as far as the subject of the research is concerned. Whereas in Poland an extensive reform of the pension system has already been executed, based on the preponderant consensus, reform in the Czech Republic has so far merely taken the form of parametric changes to the system and fundamental changes have still not got further than the preparation stage. This essential difference does not in the least complicate a comparison of the role of social dialogue and the attitudes of the social partners in the preparation of reform, however, quite the reverse – in the context of the so far differing courses of pension reform in the two countries the information gained can take on a certain specific significance.

One of the most important findings is without doubt the fact that no fundamental differences were identified, either in general terms or in terms of scope, in the matter of the application of social dialogue and involvement of the social partners in the search for a solution to the issue of pension reform, or in the means (mechanisms) for the involvement of the key players. There are strong trade unions in both countries and the corresponding employer representatives have been formed. Social dialogue, its methods and mechanisms, are firmly established in the structures of the existing civic society. For questions of pension reform, though, the relevant platform is particularly the summit level of social dialogue, i.e. the national tripartite level – even though individual opinions are generated within the organizational structures of the relevant trade union and employer associations.

The environment for debate - In the Czech Republic, as in Poland, there is consensus in the fundamental matter of the need for pension reform. In Poland, however, the financial crisis, rising unemployment and the growing number of disability pensions and early retirement pensions meant that the idea of reform, founded on individual provision for one's old age and based on the view that the original system, founded on regular financing, was unsustainable, had won broad support as long ago as at the start of the 1990s. By contrast, in the Czech Republic political and professional consensus has not even been reached on the fundamental principles of reform and the issue of the pension system has not become a priority of government information campaigns and pan-national debate as it did in Poland.

Tripartite system - Both Poland and the Czech Republic have working tripartite systems that have become an important part of the social mechanisms helping to build up an essential pro-reform consensus through systematic debate. Tripartite discussions (in Poland the intervals for tripartite negotiations are even laid down by law) on the issue of pension reform have been organized in both countries in the context of special tripartite commissions set up to discuss social matters. Besides the Working Group for Social Affairs, the Czech Republic also has the Working Group of the Council for Economic and Social Consensus for the Concept of Pension Reform.

The development of the tripartite system was not linear in either Poland or the Czech Republic, owing to the state of internal politics in both countries. In Poland the work of the tripartite commission was suspended from May 1999 (although in fact it had evidently stopped working several months earlier) until almost the end of 2001; in the Czech Republic the tripartite system was in crisis from 1995 until the arrival of the social democratic government in 1998. In the Czech Republic, however, unlike in Poland, pension reform is still an unresolved problem for the tripartite system.

Further opportunities for asserting the opinions of the social partners - In both countries the social partners also used other platforms to present and promote their ideas on reform. In Poland it was possible to take part in sessions of the parliamentary commission for social policy and the family, but the decisive body for reform was the Office of the Government Plenipotentiary, which initiated the submission of proposals, opinions and concepts that the Office used to draw up its own solution for the purposes of government and parliament. In the Czech Republic too there was a parliamentary platform for pension reform (the Interim Commission for Pension Reform from May 2000 to the end of 2001), and the social partners were able to participate in sessions of the parliamentary clubs of political parties and parliamentary committees (the Committee for Social Policy and Healthcare of the Chamber of Deputies, the Senate Subcommittee for Pension Reform). Specialist conferences (Social Conference on Pension Reform in the year 2000 and others) were organized under the patronage of the Ministry of Labour and Social Affairs of the Czech Republic and attended by representatives of the social partners. The biggest Czech trade union associations and employer organizations are entitled to make comments on draft legislation, including government legislation proposals concerning pension reform.

Opinion of the trade unions - The main trade union associations in both countries have been involved in the preparation for reform since the very start. Whilst the Polish trade unions advocated the need to transform the pay-as-you-go pension system, in the Czech Republic the trade unions support a gradual improvement of the existing system in connection with the demographic changes.

In Poland the main union bodies are the Alliance of Trade Unions and Solidarity. The Alliance supported the government's decision to use funds from the privatization of state firms for the purposes of pension reform; at present it mainly draws attention to the unresolved questions of pensions for special categories of participants, supports early retirement as a way to help resolve unemployment among employees in higher age categories and promotes the strengthening of supervision over the activity of the (ZUS) and open-ended pension funds and employee funds. The independent trade union Solidarity also submitted its own pension reform project (1995), like Alliance with the aim of transforming the pay-as-you-go pension system. Solidarity is concerned about the lower level of future pension benefits and also draws attention to the lack of effective control over the financial management of the pension funds.

The biggest trade union association in the Czech Republic is the Czech and Moravian Confederation of Trade Unions (CMCTU). CMCTU's basic stance is given in its programme for 2002 to 2006, approved by its 3rd congress in April 2002. CMCTU supports the preservation of pay-as-you-go financing of the basic pension system and rejects any radical pension reform; it does, however, consider reform of its financing to be essential in the light of the worsening deficit in the pension system. It bases this standpoint on the good experiences the majority of citizens have with the existing system and on the need to provide disability and survivors' pensions (based on the principle of solidarity). It promotes the formation of a Social Insurance Company, administered by the tripartite bodies, and the

creation of the right conditions for employee supplemental pension schemes on a non-profit basis and for adequate supplemental pension schemes for public sector workers, as well as the elimination of unequal conditions in the area of social security for employees and the self-employed. As far as pension contribution tariffs are concerned, the trade unions are not against raising them, but they prefer a redistribution of part of the funds earmarked for employment policy in favour of the financing of the pension system.

Attitudes of employer representatives - The attitude of employer representatives in Poland and the Czech Republic is different, particularly in terms of their degree of involvement. Polish employer representatives did not play an active role in the preparations for reform – employer organizations did take part in tripartite negotiations, but did not submit their own transformation plan. The approach of the largest employer organization in the Czech Republic – the Federation of Industry and Transport of the Czech Republic – provides a positive contrast to this. In its programme declaration for 2002 to 2004 the Federation proclaims, as one of its priority goals, the intention to take part in the preparations for reform of the pension system, including drawing on specialist external services. Another strategic goal is to promote the creation of a system that stimulates the use of the group form of saving for old age (i.e. pension saving with an employer contribution) and the implementation of favourable tax conditions for supplemental life assurance and supplemental pension schemes. The Federation puts forward its own specialized concepts for achieving these objectives.

One fundamental finding, however, is that in comparison with the vast majority of EU candidate countries, where the attitudes of representatives of employees and employers on modification of the pension system diverge, with employer federations usually opposing pension reform, in Poland and even more so in the Czech Republic the opposite is the case – trade union and employer organizations mainly proceed in co-ordination and consensus.

Degree to which the social partners are informed and engage experts - Both the Polish social actors (here chiefly the trade unions) and the Czech social partners essentially state that they are well informed in this area. The systematic use of experts on the Polish side is documented chiefly through the work of the Office of the Plenipotentiary; in the Czech Republic CMCTU hires experts to help prepare and provide comments on conceptual proposals and, similarly, the Federation of Industry and Transport makes use of systematic expert co-operation in this area.

Transfer of experience of knowledge for countries preparing pension reform - Within the framework of the relatively broad spectrum of suggestions formulated by the Polish side, the emphasis is placed categorically on the need for universal political consensus and thorough preparation for the transformation of the pension system.