

## **The Privatization and Marketization of Pensions in Europe: A Double Transformation Facing the Crisis**

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### ***Abstract***

*In response to the demographic challenges and social constraints, many European welfare states have moved toward the privatization and marketization of pensions in order to improve their financial sustainability. The privatization of retirement income responsibility has led to a shift from dominantly public pensions to a multi-pillar architecture with growing private pillars composed of personal, firm-based, or collectively negotiated pension arrangements. At the same time, marketization has led to the introduction and expansion of prefunded pension savings based on financial investments as well as stronger reliance of market-logic principles in the remaining public pay-as-you-go (PAYG) pensions. However, there are also important cross-national variations in the speed, scope, and structural outcome of the privatization and marketization of European pension systems. Liberal market economies, but also some coordinated market economies (the Netherlands and Switzerland) as well as the Nordic countries have embraced multi-pillar strategies earlier and more widely, while the Bismarckian pensions systems and the post-socialist transition countries of Eastern Europe have been belated converts. The recent financial market and economic crisis, however, indicates that the double transformation may entail short-term problems and long-term uncertainties about the social and political sustainability of these privatized and marketized multi-pillar strategies.*

**Keywords:** *Privatization, marketization, pension system, transformation, crisis, multi-pillar system*

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