European Countries in Transition: Funded and Private Pension Systems for Eastern Europe

Abstract

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The current economic conditions and the influence of economic policies on the market economy.

The central theme of this chapter is the interaction between economic theory and policy. Specifically, it examines the role of monetary and fiscal policies in shaping economic outcomes. The chapter begins by introducing key concepts in macroeconomics, including supply and demand, inflation, and unemployment. It then proceeds to discuss the role of monetary policy in stabilizing the economy, with a focus on the use of interest rates to influence aggregate demand. The chapter also explores fiscal policy, highlighting the government's role in managing the economy through tax and spending decisions.

The chapter concludes with a discussion of the challenges facing policymakers in the current economic environment. It considers the implications of globalization and the need for coordinated international action in managing economic cycles. Throughout, the text emphasizes the importance of understanding economic fundamentals in formulating effective policy responses.
<table>
<thead>
<tr>
<th>Country</th>
<th>Standard Retirement Age</th>
<th>Prior Service Period</th>
<th>Marginal Rate</th>
<th>Assessment Period</th>
<th>Benefit Accrual Rate</th>
<th>Denominator for Early Retirement</th>
<th>Statutory Replacement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Age)</td>
<td>(Yrs)</td>
<td>(MP)</td>
<td>(MP)</td>
<td>(Yrs)</td>
<td>(Yrs)</td>
<td>(In percent of earnings)</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>WC-18/5</td>
<td>60</td>
<td>45</td>
<td>12/5</td>
<td>25/20</td>
<td>31/20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>WC-18/6</td>
<td>55</td>
<td>50</td>
<td>12/5</td>
<td>25/20</td>
<td>31/20</td>
<td>100</td>
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<tr>
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<td>WC-18/7</td>
<td>50</td>
<td>45</td>
<td>12/5</td>
<td>25/20</td>
<td>31/20</td>
<td>100</td>
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<tr>
<td>CPHN</td>
<td>WC-18/5</td>
<td>60</td>
<td>55-57</td>
<td>25</td>
<td>25</td>
<td>55</td>
<td>100</td>
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<tr>
<td></td>
<td>WC-18/6</td>
<td>55-57</td>
<td>25</td>
<td>25</td>
<td>55</td>
<td>100</td>
<td>5 (40)</td>
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<tr>
<td></td>
<td>WC-18/7</td>
<td>55-57</td>
<td>25</td>
<td>25(40)</td>
<td>55</td>
<td>100</td>
<td>5 (40)</td>
</tr>
<tr>
<td></td>
<td>partial</td>
<td>pension</td>
<td>65</td>
<td>60</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Hungary</td>
<td>Standard</td>
<td>60</td>
<td>55</td>
<td>20</td>
<td>20</td>
<td>42</td>
<td>100</td>
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<td>Special</td>
<td>56</td>
<td>45</td>
<td>20</td>
<td>20</td>
<td>42</td>
<td>100</td>
</tr>
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<td>Poland</td>
<td>WC-18/5</td>
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<td>55</td>
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<td>20</td>
<td>42</td>
<td>100</td>
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<td>42</td>
<td>100</td>
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<td>Romania</td>
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<td>50</td>
<td>25</td>
<td>25</td>
<td>54</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: National authorities, and Holzmann (1992b).

1/ Defined as the retirement age when full pension benefits can be taken up, lower for special occupations.
2/ Includes non-contributory insurance periods, such as education, military service and maternity.
3/ Increases in pension base for an increase in pensionable earnings.
4/ Number of best years out of total years (shown in parentheses) prior to retirement.
5/ Standard work category.
6/ Work category for difficult working conditions.
7/ Work category for extremely difficult and stressful conditions.
8/ Varies according to number of children raised.
9/ Depending on years in work category (in brackets).
10/ Marginal ratio declines with level of earnings (i.e. zero implies a ceiling on the pension base).
11/ With ceiling of 250% national average salary (since Nov. 1, 1991).
12/ To be increased to 10 out of 20 years.
13/ Given as percentage of average monthly wage in the socialized enterprises sector.
22 Performing the external financial controlling and control function...
The economic importance of economic transition in central and eastern Europe.

Supporting evidence from transition economies.

Promoting financial market development.
PART ONE: THE FOUNDATIONS OF CONSUMER BEHAVIOR

The foundation of consumer behavior is rooted in the concept of demand. Demand refers to the quantity of a good that consumers are willing and able to purchase at a given price. The demand for a product is influenced by various factors, including income, prices of related goods, consumer preferences, and expectations about future prices. In economics, the demand curve illustrates the relationship between the price of a good and the quantity demanded by consumers.

Economists use various theories to explain consumer behavior. The classical theory of consumer behavior, developed by economists like Alfred Marshall, assumes that consumers make decisions based on rationality and self-interest. According to this theory, consumers strive to maximize their utility, which is a measure of satisfaction, given their income and the prices of goods.

In contrast, the behavioral theory of consumer behavior, developed by Daniel Kahneman and Amos Tversky, suggests that consumers are subject to cognitive biases and heuristics that influence their decision-making process. This theory challenges the notion of rationality and suggests that consumers are prone to errors and biases when making decisions.

The demand for a good is influenced by factors such as income, prices of related goods, consumer preferences, and expectations about future prices. In economics, the demand curve illustrates the relationship between the price of a good and the quantity demanded by consumers.
TABLE 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Bulgaria</th>
<th>CSEZ (Z)</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Gdp</td>
<td>10.0</td>
<td>10.0</td>
<td>9.0</td>
<td>9.0</td>
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<tr>
<td>Income</td>
<td>10.0</td>
<td>10.0</td>
<td>9.0</td>
<td>9.0</td>
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<tr>
<td>Social Security</td>
<td>10.0</td>
<td>10.0</td>
<td>9.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Notes:
1. The data is based on the latest available statistics.
2. The figures are in current prices.
3. The data is presented in thousands of local currency units.

Source: National Statistical Office.
The Improve of Production (and Development of Postion with (W)I)
5. The current fund discussion in Eastern Europe

Improvements in control of economic policy with other key policies

In the context of the current discussion of the world economy and its relationship to the...
economic reform in the context of European integration. The paper discusses the potential consequences of uncoordinated policies in the overall context of the European integration process.

6. Conclusions

The paper examines the potential consequences of uncoordinated policies in the context of European integration. It concludes that uncoordinated policies can lead to inefficiencies and delays in the implementation of the main reforms. The paper argues that a more integrated approach is necessary to ensure a successful European integration process.

Notes

(1) The paper discusses the potential consequences of uncoordinated policies in the context of European integration. It concludes that uncoordinated policies can lead to inefficiencies and delays in the implementation of the main reforms.

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Funded and Private Pensions

Schimidt-Hebbel, K. (1992), Pension reform transitions from state pay-w-you-go to privately managed fully-funded systems, World Bank (mimeo).