

GREECE: Battling against path dependence

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Abstract

In Greece warnings of the costs of delaying reform actually came to pass. The narrative of the financial crisis of 2010–2018 is incomplete without pensions. Government grants to support pensions required external borrowing, which led to the crisis. Delays in controlling pensions explain the workings and extreme length of the bailout. Finally, a decade later, and despite protestations that the matter had been laid to rest, pensions are back on the agenda. Central to the account is fragmentation. This resulted from a tension between trying to promote a unified general system focussed on the long term, and the temptation to use pensions as sectional instruments in the short term. This interplay, combined with governance shortcomings, fed pension deficits which, inevitably, became too large to ignore, and attracted new players to the political economy of pensions– the Ministry of Finance and international organisations. The need for a consolidating reform was apparent from the 1980s. Faced with opposition, reforms fell short of their stated ambition, and allowed the fiscal problem to snowball, and hence to the crisis in 2010. Outside actors (the ‘Troika’) instigated the backlog of reforms – and were blamed for doing so. The end of the bailout found the country with a new pension system but with some of the underlying problems unaddressed. The paper concludes with some general analytical insights – on the role of economic analysis, the perils of gradualism, the need for quantification and the absence of reform coalitions.

FullText

Greek pensions as a cautionary tale

Pension experts are caricatured as doom-mongers. Greece is one example where warnings played out. One cannot explain the workings of the ‘Greek crisis without mentioning pensions. What unfolded in Greece in front of the world’s eyes through the 2010s, tracks scenaria of what could lie in store generally, if warnings are *not* heeded.

Pension issues were central to all phases of the crisis. Regarding its making, *before* the crisis: how did a dysfunctional system emerge, how did it fail to be reformed and why was outside intervention proved necessary? As to its unfolding, *during* the crisis: why were cuts in pension-in-payment unavoidable and why were the bailouts so protracted, requiring three international agreements and several pension reform bills between 2010 and 2018? Regarding its aftermath, *after* the bailout, were problems conclusively settled? How come pensions are still in the agenda?

The paper examines how the ‘pension issue’ emerged, how it ballooned and why it refuses to go away. Central to the account is fragmentation, discussed in an introductory conceptual section. This leads to a narrative stretching from the inception of the system before the Second World War to the 2020s. The concluding section focuses on issues which played pivotal roles in the story: the role of quantification and of economic analysis, the perils of satisficing or gradualism, the dormancy of non-state provision.

The paper concludes, in true pension form, with a series of warnings relating to backtracking and undoing reforms.

The political economy of pension system fragmentation

Pension systems redistribute (Barr 2012). In the simplest personal saving case, they do so across time. As insurance, they reallocate from the fortunate to the unlucky. Social policy widens the ambit of redistribution, to the benefit of entire generations or of specific groups. The extent of redistribution is constrained by available funds. These are circumscribed in prefunding or easier to access in Pay-as-you-go financing. Finally, realities of implementation or administration may introduce further dimensions of differentiation, temporal (gradual introduction) or geographical (spatial coverage).

Pensions can thus, in principle, be coopted in many dimensions of redistribution. They can serve a unitary societal purpose or may be hijacked by narrower interests. They can be oriented towards long term goals or towards short term fixes. A pension system can be a blessing; it could also be a curse. Which of the two dominates is a question for governance and for the law. General rules and transparency ensure that any departures from neutrality are visible and conform to rules.

The complexity of pensions can serve as an open invitation for some to secure a larger share, by bending the rules or by promoting special protective structures to secure permanent cross-subsidies. In clientelistic or particularistic political systems, pensions can be put to use in side deals with influential sub-groups or special interests.

We may, thus, expect tensions between consolidation and neutrality, on the one hand, and particularism and fragmentation on the other. The former would be aided by clarity of purpose, transparency, openness to civil society and an emphasis on the long term. Short term expediencies are likely to favour its opposite – promoting quick fixes and the coopting of particular groups. Finance is key: special treatment would be meaningless, should beneficiaries have to pay: privileges presuppose cross-subsidies. Pay-as-you-go finance, especially if complemented by access to general revenue, provides ideal conditions for sectional advantage; in the absence of strict actuarial oversight future benefits are easier to 'hide' than other privileges.

This tension is not without fiscal implications. Side-deals encourage imitation and can proliferate. Available funds will be stretched and, once general revenue is brought in, will impact budgets beyond social security. Over time, and as guarantees are cashed in, budgetary problems migrate beyond pensions to the overall economy. This process changes the political economy equilibrium, by bringing in new influential players with a wider remit and a broader view, such as budgetary authorities or international institutions (Tinios 2012).

Periodisation - entrenching path dependence

The history of the Greek pension system can be seen as a syncopated process produced by an oscillation between societal purposes and sectional interests. This is equivalent to a tension between (unification *plus* the long term), on the one hand, and, (particularism *plus* the short term), on the other. The unitary view favoured movement towards a single system; established habits pushed for fragmentation into numerous sectorally-defined pension providers.

These stresses were already evident at the system's interwar inception, when privileged groups successfully resisted surrendering their separate providers and avoided being folded in the new social insurance system. Over the next eighty years these tensions played out repeatedly. However, as social insurance became entrenched, the original dysfunctions spread and necessitated corrective reforms. When repeated partial attempts failed, fiscal challenges deepened; these ultimately led to a consolidating reform being implemented after 2010 at the behest of the Troika (IMF, ECB, EU Commission) as a prominent and decisive actor in the three crisis bailouts. (Panageas and Tinios 2017).

Attempting to overcome path dependence is the 'red thread' running through the history of pensions. The system has gone through four distinct phases: The gradual snowballing of the problem leading to the realisation that a system-wide reform was essential (1928–1985); repeated attempts which only postponed the necessary reforms (1985–2010); a consolidating reform passed over eight years of crisis under international guidance (2010–2018); and a threatened return of path dependence in post-reform developments (2019–2026). Table 1 provides an overall view of this periodisation of how this stop-go process unfolded. The table in the appendix delves into specific measures in more detail.

Table 1 The political economy of **stop-go** reform 1928-2026

Decade	Description	Pension Reforms	People 65+ as % of total *	Pensions as % of GDP *
1928-1980	Knife edge: consolidation and fragmentation	Actuarial study 1928 Universal provider (IKA) Law 1934. Compromise on preexisting funds		
		IKA refounded 1951. Spreads gradually , Disaffiliations, privileges. Farmers' pensions - No contributions 1962	..	6.1% (1963)
1980s	Problem targeted but spreading	Deficits endemic. Auxiliary pension for all 1983. Stabilization programme 1985. Government grants 1986	13.1	9.5
1990s	Planning half a reform	1 st Phase Reform 1990-2. Last rise in contributions . Common labour entrants System 1992. 2nd phase expected, but never comes.	13.7	10.7
00s	Ineffective reforms	Attempt 2001 withdrawn . ' Consolidation on paper ' 2002, 2008	16.5	10.9
2010s	Bailout Reforms under protest	2010-8: Three Bailouts. Four bills under five governments, 12+ pension cuts. Final reform 2016. First backtracking 2019	18.9 21.3(2016)	14.8 17.7 (2016)
2020s	New system, old habits	2021 partial multipillar for entrants. Incremental backtracking	21.4**	13.4**

Source: Adapted from Tinios 2020. Text in green=consolidating measure text in red=expansionary measure.

* Value at beginning of decade** *projections for 2020 EPC 2018*

A. The roots of the problem 1928–1985.

Only some groups and the professions were entitled to pensions in the 1920s. The *general* social insurance system arose out of the political need to address the social problems of industrialization, following the forced movement of more than a million refugees from Asia Minor; an added motive was to counter Bolshevik influence. A centre-left government leveraged Greece's high profile in the League of Nations to solicit expert actuarial advice in 1928 to set up a social insurance system: a committee headed by Emil Schönbaum, a Czech actuary, submitted a detailed recommendation in 1931 (Liakos 1993).

The plan was to replace all preexisting providers with a new institution for health and pensions based on compulsory social insurance with a single provider (known by its acronym IKA). Coverage was to spread gradually, while contribution rates would rise as the population became accustomed to contributing. Fierce opposition from social partners was responsible for the fall of two centre-left governments. Finally, a compromise was reached to retain preexisting schemes, with a vague promise that they would be gradually absorbed over time. The bill was finally passed by the left's sworn enemies in 1934 and was implemented by a dictatorship in 1937. (Tsalikis 2008, Petroglou and Tinios 2024)

This origin story contains features that will recur: Disagreements were not ideological; they were between the government and the 'opposition in society', i.e. all rival parties plus the social partners. However, essentially the same unifying proposals were promoted by erstwhile political rivals (when they reached power). Experts and international actors buttressed the reforming narrative; the status quo was supported by social partners, and by individual politicians, with public opinion solidly on their side. The bill's parliamentary passage was marked by strikes, unrest and fiery rhetoric; the drama subsided quickly, leading to a relatively smooth implementation¹.

The history of pensions over the next 50 years was a seesaw between attempts to stick to the original consolidating 'IKA plan' and the temptation to cement sectoral privileges (Tinios 2012a). After a hiatus in the 1940s, IKA was refounded in 1951. It played a role in reconstruction and benefited from internal migration to the cities. The resulting cash surpluses subsidised industrial investment and served to disguise mounting actuarial deficits.

During this period the system grew at the **extensive** margin, spreading geographically and to more occupations². The self-employed and the professions retained funds relying on (voluntary) insurance classes; their financial independence was assured by 'social contributions' - tied taxes paid by consumers. Civil service pensions were seen in law as part of lifetime contracts (a continuation of employment) and were always treated separately A Beveridge-style system providing uniform low pensions to farmers at age 65 without contributions was introduced in 1962. So, three concepts of

pensions coexisted applying to different groups of the population: Pensions as reciprocal insurance; pensions as career contracts; and pensions as safety nets (Tinios 2020).

There were considerable changes at the **intensive** margin towards more generous cover or inclusion of new risks (survivorship or disability). Replacement rates were indirectly increased, while new auxiliary schemes topped up primary pensions of specific occupations. These were finally mandated to cover all employees in 1983³. Sectoral privileges were furthered by disaffiliating (e.g. Electricity, Telephones, some Banks), by setting up a new auxiliary fund or by securing preferential treatment within IKA. 'Heavy and Hazardous occupations' grew to cover 40% of employees; they ensured early retirement for groups from hairdressers to church cantors, using spurious health arguments. Contribution evasion was rife; it was rewarded on an individual basis by lax disability rules and access to high minimum pensions⁴.

Pensions thus developed as a key instrument of clientelistic politics (Sotiropoulos 2020). Legislation to increase generosity was never objected to by political parties or by organized labour. Employers cultivated good relations with their counterparts, lobbying for subsidies and tied taxes. A key feature were side-deals for electoral influence between *individual* politicians, rather than parties, and well-organized subgroups⁵.

The defence of the social purpose of pensions required an ability to see the wood beyond the trees, to treat the system as a whole. This was initially limited to technocrats involved setting up the system, or to isolated voices in civil society. As the macroeconomic significance of pensions grew, new influential players were brought in– the Ministry of Finance, international organisations, the EU. This explains two persistent features: Firstly, systemic reform was imposed from above. Secondly, conflict involved governments (regardless of party), and everyone else (opposition, partners, public opinion).

By the end of the 1970s, instead of the unitary system envisaged in the original plan, the situation resembled a kaleidoscope. Primary pensions were provided by over 30 entities, auxiliary ones by over 200. Behind the façade of internationally comparable conditions lay confusing dispersion: Suffice it to say that the IKA retirement age rule of 65/60 was only followed by 15% of applicants; the remaining 85% could secure one of many favourable exceptions. (Tinios 2010). Organisationally, an archipelago of privileges was surrounded by seas of insufficient provision. Notwithstanding ever larger pension outlays and State subsidies, pensions increased inequality and did little to correct old age poverty. Poverty was 'grey in colour'. (Mitrakos and Tsakloglou 2012)

B. 'One more push' - piecemeal reform 1985–2010

The system reacted to inflation in the 1970s by increasing minimum pensions (defined as multiples of the daily minimum wage). They rose in steps from 1978 to 1985, from five days' minimum pay to twenty, in practice exceeding minimum earnings. As the minimum rose, pension distributions increasingly flattened, culminating in more than 75% of pensioners receiving the minimum. Expenditure increased massively, while incentives to work and to contribute were obliterated. The system's operating logic was

overturned: it was still financed as social insurance, but for the vast majority benefits were unrelated to contributions, operating as social welfare (Börsch-Supan and Tinios, 2001).

Notwithstanding that demography in the 1980s was favourable, deficits grew and impacted the fiscal picture. In the 1985 stabilisation programme, structural reforms encompassing the entire pension system were, for the first time, flagged as a necessity. While the reform was pending, government grants were provided in 1986 to cover pensions. This brought in the Ministry of Finance, but loosened budget constraints further. While the intention was for grants to provide bridging finance only, in practice they allowed reform postponement, or made up for shortfalls in reform ambition. Given that raising contribution rates was ruled out as undermining competitiveness, central revenue proved the ultimate guarantor of pension expenditure.

As ageing exacerbated structural deficits and public outlays grew, the period saw three main reform attempts, introduced by both governing parties. Each was preceded by statements deprecating the baleful influence of pensions for the economy. After fierce opposition and nationwide strikes, what eventually passed was less ambitious than originally claimed and acknowledged openly that it was only the *first* stage in the thoroughgoing reform, whose second stage was, somehow, always pending (Tinios 2012, Matsaganis 2006).

1. **1990-2.** Two separate bills were passed. They embodied, for the first time, the principle that change had to encompass everyone, including civil servants, and not be confined to isolated providers. Some egregious cases of early pension access were (gradually) abolished, access to disability was tightened, and indexation of minimum pensions changed. After 1992 labour force entrants' entitlements changed towards lower replacement rates and higher retirement ages (dubbed a 'new system').

2. **1996–2002.** A new safety net for pensioners enabled the decoupling of minimum pensions from poverty. A long lead-in culminated in tabling a reform bill (the 'Giannitsis bill') in 2001, presented as an answer to the demographic challenge. After national unrest, the bill was withdrawn, and a watered-down version passed in 2002. Some funds were folded into larger entities, without, however, altering underlying insurance parameters or financing conditions. This 'paper consolidation' employed a unitary façade to hide the persistence of fragmentation.

3. **2007–2008.** The ILO was brought in to provide projections. However, to forestall opposition, a bill was passed before any recommendations were received. It contained mostly cosmetic changes and a larger wave of 'paper consolidations'.

By 2010, while the need for pension reform was universally acknowledged, attempts had fallen far below what was necessary⁶. Government grants made up the shortfall, helped along by access to low Eurozone interest rates after 2001 (Giannitsis 2016). The situation is summarised by the following anecdote: After the publication in 1997 of a report warning of the consequences of reform inaction (Featherstone et al 2001), the head of the Trade Union Confederation confidently predicted "Social insurance will collapse

after the State Budget and the economy as a whole” (quoted in Paleologos 2014, p80). He was proved right.

C. ‘Reform at last’ under international supervision 2010–2019.

Greece was the epicentre of a storm which threatened the international financial system. It became locked out of international finance in late 2009, a development which began with the ‘Greek statistics’ episode⁷ and culminated in the first bailout supervised by a ‘troika’, comprised of the IMF, the ECB and the European Commission. A precondition for the finance provided in June 2010 was pension reform - voted in July. A tumultuous period followed: Three bailouts were needed, each requiring further instalments of ‘structural’ pension reform. Unlike the other Eurozone countries who received a bailout, Greece remained under supervision by the Troika for eight years, not exiting until August 2018. The political economy of pension reform changed in two fundamental ways:

Firstly, the Troika controlled all access to finance. As no payments could be made unless previously budgeted, it possessed effective veto power on legislation. Procrastination was no longer an option. Domestic players could blame decisions on outside pressures, leading to a dearth of ‘ownership’ of reforms, which seemingly had no proponents. This, plus time pressures, meant that there was no opportunity to explore reform models which required preparation or discussion, in practice orienting reforms to a conservative direction. Thus, changes could not overly disturb the status quo and remained within the overall logic of the system, ruling out systemic reform. (Tinios 2015)

Secondly, as budgets had to be adhered to and borrowing was infeasible, cash shortfalls, whether due to overoptimistic plans, implementation delays, or protracted gradualism, had to be made up immediately by expenditure cuts from within the system. The only feasible alternative was cutting pensions-in-payment – a move inconceivable for pension systems. These cuts mirrored the fall in private sector pay of 30% and were forced repeatedly starting in May 2010. The cuts were progressive in design, cumulating for higher pensions to a fall of 60%; in contrast, lower pensions only lost holiday bonuses (equivalent to a 14% annual expenditure fall). The cuts had unintended consequences: (a) Measured old age poverty receded dramatically⁸ (b) incentives to contribute were eroded further, as higher pensions reflected longer contributions (Lyberaki and Tinios 2012).

The three bailouts featured at least five major pension laws, passed amid mutual recriminations by five governments of all parties. A dozen nominal cuts to pensions were not avoided. The cumulative result, in hindsight, is less complicated than the process that created it. It consists of two ingredients: A new general State-run system and a recalibration of the *level* of pensions to reduce them below their levels in 2009. The new system had *five* structural features (Nektarios and Tinios 2020):

a) A new 2-tier defined benefit system to apply to all – even retroactively to existing pensioners. All those with 15 years’ contribution are entitled to a flat ‘national pension’ of approx. €380, financed by general revenue. To this is added a pension proportional to career length. So, for low earners, the total primary pension for a full career would correspond to a replacement rates of around 80 per cent.

- b) Retirement ages applicable to everyone not able to retire by May 2016, became 67 (62 for long service). This, for some women, could entail step increases of up to 17 years. *Future* retirement ages are linked to life expectancy and are to be reconsidered every three years.
- c) All (primary) pension providers, including civil service and military pensions, are consolidated into a single organization, excepting only auxiliary pensions.
- d) Auxiliary pensions (corresponding to a 6% contribution rate) are shifted to an NDC system, for all contributions starting from 2014. (DB is retained for earlier periods)
- e) All categories of income are treated as if they were earned by employees. The same combined percentage contribution would be levied on the self-employed.

The essential features of the system were laid out in the 2010 law, but were to have applied only to those entering work in 2015, relegating its implementation to the very long term⁹. The tendency to postpone legislated changes was countered by including implementation in the conditions for disbursing tranches of the bailout loans. The final (3rd) bailout bill in 2016 (passed by a left-wing government) generalised this system to apply to all with no exceptions; pensions already issued had to be recalculated using the new rules. Any excess over the recalculated amount was to be cut, a provision pre-legislated to apply four months after the expiry of the programme.

In conclusion, the bailouts involved deep parametric reforms, taken as far as those could possibly go. Insufficient preparation and the paucity of domestic advocacy implied that the reform, even if seemingly draconian, was fundamentally conservative: The logic of how rights are accumulated was not affected (it remained DB), nor was financing (resolutely PAYG) or the centrality of the State. It smoothed out privileges, but did not meaningfully alter the structure of incentives. In essence, the resulting system could have been proposed a generation previously, which, coincidentally, was when the cycle of procrastination began (Tinios 2020)

D. 'Mission accomplished' and backsliding 2019–2026

The system is repeatedly and triumphally pronounced 'viable' by the Greek authorities, an assessment backed by the EU Ageing Working Group (EU 2018, 2024) and in a more muted fashion by the IMF (IMF 2021). Cadres who initially had complained that 'they were forced to act against their conscience', now celebrated 'saving' the system. The post-bailout period from 2019–2026 is characterized by two opposing developments:

Firstly, a start was finally made towards a multipillar system. In 2021 a new prefunded provider, TEKA, was set up mandatorily for labour force entrants. The new pension will replace auxiliary pensions and is to lead to a defined contribution pension depending on investment outcomes. However, the first such old age pensions will not be paid until the 2060s...

Secondly, some reforms were rolled back, and others remain in danger of being so in future (IMF 2021). Already in 2019, the immediate cuts to pensions exceeding the new rules were to take gradually through indexation. The self-employed were moved back to the old system of contributing in (low) voluntary insurance classes. Linking retirement ages to life expectancy was put on hold in 2021 and is now not to be considered until 2030. In retirement ages, heavy use is made of the possibility to 'buy in' contribution years to trigger seniority pensions (available at age 62). Changes to survivors' pensions favouring individualisation of rights were reversed in 2026. Finally, several groups have been awarded court decisions on the grounds that some bailout cuts were unconstitutional¹⁰. By 2026, ten years after the reform, features of it are not conclusively legally settled, threatening the foundations of the consolidation¹¹.

The narrative of 'Mission accomplished' permeates commentary. According to the pension projections published by the EU Ageing Working Group (EU 2018, 2021, 2024a), Greece is projecting a *fall* in pension expenditures for 2060, by 3 pp of GDP. This is truly remarkable, given that it is the second fastest ageing country. More impressive still, this, apparently, does not involve sacrificing pension adequacy (EU 2024b).

Is this miracle credible? Projections are contingent on two key expectations: Most obviously, that there will be no (major) backtracking in bailout-era reforms. Secondly, the reports depend on radical shifts in labour market behaviour, amounting to a full utilization of unused labour potential. Structural features characterising Greece are presumed to shrink towards EU norms quickly: Women stay in the labour market, youth unemployment falls and older people work longer¹². Pension sustainability results from the virtuous circle where more work and later retirement lead to more revenue and to higher pensions collected for shorter periods by more people.

In conclusion, the pension problem will go away, only if long-standing structural features of Greece, grounded in individual behaviour, change swiftly and radically. Success in pensions rests on achieving other, *wider* aims, equivalent to a social transformation. Cohort effects, reinforced by mind frames adapting to the crisis, certainly operate to overcome ingrained habits-*eventually*. However, for this to happen quickly, *complementary* actions in social, employment and industrial policy are (probably) essential. To expect rapid improvement in their absence may count as wishful thinking – or else another justification for procrastination.

Analysis – some general thoughts

The story of pensions in Greece reads like a morality tale about path dependence. Entrenched structures and early missteps led to catastrophe. Repeated warnings proved dramatically apposite. External intervention finally patched things up, though old habits are taking time to depart.

Some general considerations made the pension system dysfunctional and led (or did not prevent) its unravelling. Six such issues are worth flagging.

1. The persistence of parallel narratives. Opposing narratives as to the urgency of reform coexisted. These allowed postponement or even pushed towards the wrong direction. Multiple answers existed, even for whether the system was in surplus or deficit. The general phenomenon of 'Greek statistics' facilitated a bewildering set of cross-subsidies that enabled behaviour as if there was no budget constraint. This was helped by legal (mis)interpretations, while the paucity of discussion favoured simplistic views. Despite the magnitude of systemic threats, clarity was drowned by a cacophony of sectoral demands.

2. Role of economic analysis. Disinterested economic analysis should (in principle) cut through legal complexity to identify important challenges. This function rose in importance as the system grew and its budget constraint migrated upwards. Key features were highlighted by outside experts. League of Nations actuaries initiated the process, the Troika completed it. From 2000 on, the 'Lisbon process' of the EU Open Method of Coordination formalised this process. It provided quantified indices, but also enabled insights that the Troika used to outflank domestic players (Tinios 2012b). However, outside actors have limits (Featherstone et al 2001): During the bailout they were limited to proposing only 'off the shelf reforms', rather than deeper changes which would need local advocacy (Tinios 2015).

3. The perils of satisficing and gradualism. The period of ineffectual reform was characterised by well-meaning pragmatism: Given the strength of opposition or even the lack of preparation, 'the responsible thing' was to correct as much as possible, leaving the rest for later- so long as no one pretended that that was definitive. This attitude, combined with the poisoned chalice of direct budget grants, led to deficits ballooning and postponed reform until after the country was driven to bankruptcy.

4. Institutions and public awareness. Special interest advocacy was always easy and found ready ears in the courts, which never hesitated to take decisions with major fiscal impact. In contrast, the opportunity cost of persisting with current arrangements or the interest of future generations, were never raised. Legal logic, constitutional (mis)interpretations, and actions of the social partners, always protected incumbents and increased future deficits.

5. Parametric vs systemic change. Parametric changes were chosen as they delivered faster and surer fiscal results. Relying on incentives changing behaviour was never seriously considered. However, persisting with familiar structures allows path dependence to reassert itself. As fiscal exigencies recede, nostalgia for old habits may return, while little enthusiasm will be generated for the new system. The appetite for deeper reform (e.g Nektarios et al 2018 propose a multipillar system) is likely to remain limited.

6. The dormancy of non-state provision. Why was no one advocating going beyond the first pillar? Why did the formation of reform coalitions fail? Throughout the period there is an absence of voices for greater non-state provision. Groups that would stand to benefit from reform - insurance, businesses, fund managers- waited for others to take the lead. Though the legal framework for occupational pensions was provided in 2002 (and updated in 2023), and some tax issues were addressed, take-up remains disappointing.

Going forward, there remain doubts about the resilience of the reform. We saw that the achievement of pension goals was heavily contingent on meeting wider economic and social targets. This is a reminder that a pension system does not operate in a vacuum but provides a set of rules which society uses to move forward. Whether this will be done successfully is a question of structures, incentives and their response to them.

Declarations

Author Contribution

PT as the sole author provided all contributions

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Footnotes

1. The paradox of 'ex ante conflict' and 'ex post consensus' was repeated by dictatorships, of the 1930s and the 1960s, which proceeded with implementation, in 'business as usual' manner.
2. Consolidation often led to generous grandfathering clauses, even leading to old age pensions paid to a 27-year old.

3. The typical employee receives two (or more) pensions, primary and auxiliary whose combined replacement could easily exceed 100% of final salary. Surpluses of new systems subsidized cash deficits of the older primary pensions.
4. Börsch-Supan and Tinios, 2001 provide a description of the system before reform.
5. Such deals proliferate before elections or at times of political instability, as in 1965-7. There is no suggestion of monetary corruption.
6. A breathing space was provided by the surge of Eastern European immigration in the mid-1990s.
7. This involved the misrepresentation of fiscal prospects: The 2010 public deficit was original forecast as 2.9% and ended up as 15.3%, Coyle 2015
8. The poverty line fell by more than (low) pensions (Mitrakos and Tsakloglou 2012). Despite this change, commentary continued as if old age remained the most potent poverty factor.
9. The 2010 bill contained provisions designed to cushion the impact for incumbents, including the possibility to buy in contribution periods for studies, military service etc. The complicated relationship with the Troika is evidenced in a provision ending up allowing 'mothers' retirement to women of 'children' in their thirties...
10. The Supreme court had accepted that most of the original cuts in pensions were justified through general fiscal expediency. The subsequent decisions referred to specific time periods.
11. The most important being whether civil service pensions must follow the logic of social insurance or should be considered independently – a question to be reviewed in late 2026.
12. For example, in retirement ages, Greece is transformed from the second worst to one of the best performers in the EU, easily outpacing Germany (IMF 2021).

Supplementary Files

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- [AppendixTable.docx](#)