

A comment on “Does information
increase political support for
pension reforms”

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- The paper shows that better informed Italians are more willing to accept reforms that reduce the size of the pension system than less informed.
- More generally, the paper also suggests that individuals do not think that much about their own economic self-interest: the political debate we observe is (largely) due to lack of information.
- But one has to ask: what does the status quo imply in the future?

- Italy faces a severe aging problem starting with a contribution rate at 33%, a gov. debt-to-GDP ratio of around 110%, and a substantial budget deficit. S&P just lowered Italy's debt rating.
- In this situation, not reforming the pension system quickly may soon imply large costs to everyone. Informed individuals know this.
- In short, there is little room for politics anymore. This is why information is so important in Italy.

- Finland would provide an interesting comparison case:
- We face a severe aging problem as well, but start with a contribution rate at 21%, a debt-to-GDP ratio of 40%, and a substantial budget surplus. The pension system is partly funded.
- The status quo implies raising the contribution rate gradually by about 6 percentage points by 2030.
- The status quo policy is problematic but feasible: there is still lots of room for politics.