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SOLIDARITY BETWEEN GENERATIONS IN PUBLIC PENSION SYSTEMS

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Solidarity between generations in the public pension schemes for the present analysis is related to the force in the PAYG pension systems contract between generations. It is extremely important and relevant issue since financing of benefits in the majority of pension schemes is based on the solidarity between generations. Of special significance is the fact, that the current pension benefits are financed from the current pension fund. Therefore, the solidarity between generations is one of the most important instruments of the state policy.

In legal language, or in the language of legislation, the term "generation" does not occur. Therefore, it is difficult to interpret this concept, or to use it as a demographic or sociological terms. In the research, taking into account that the realization of the right to a pension is done in a long space of time, a PAYG system benefits are financed by the generation of economically active, the term "generation" to be assessed from the perspective of the principle of *pacta sunt servanda* [Maciejewski, 2014].

In this context, the validity of the contract between generations was used to determine the obligation to pay contributions throughout working life, to be able to exercise the right to receive benefits after cessation of employment. This design of pension systems based on the principle of apportionment indicates a direct relationship between paying the premium, and the collection of benefit. The implementation of the principle of *pacta sunt servanda* in pension systems ensures that in exchange for the obligation to pay premiums today, the future will acquire the right to a pension. Constitution which is the social contract is to be the guarantor of the PAYG financing agreement concluded between the generations the benefits will not be at a certain time proscription. It is all the more important that solidarity between generations is related to the redistributive function of the state, which in turn implies taking into account the interests of all citizens in the position of having to impose distribution of wealth and public burdens.

Solidarity between generations takes on new meaning in the context of the EU. Strategy aimed in a positive and coherent relations between the generations, coverage of intergenerational issues and discussions between the various age groups and, more generally, presenting a positive reflection on the contribution of the older generation in social life. Solidarity between generations, which is emphasized in EU policy is one of the structural and key solutions of the European social model. It can therefore be seen that demographic change and globalization necessitates inter-generational solidarity based on a broad package intergenerational. At the core of such an agreement must be in common the ability to organize their work and private life in the context of the rights and obligations set out by both the statutory and contractual. Road statutory requires an active approach on the part of public authorities and social partners in ensuring that appropriate

and adequate pension systems. It should be stressed that solidarity between generations including the responsibility for the elderly, contributes to the full implementation of the principle of respect for human dignity and should become a social bond for the public good.

The social policy of the European Union is characterized by the term of „coordination” [Bińczycka-Majewska, 1999]. Due to the fact that the European Union authorities do not want to unify the pension systems of the member states, the coordination helps to compare the existing systems and leads to coexistence of the various pension schemes within one structured organization. Member States of the UE do not have harmonized their pension systems, which is probably justified by the fact that previously functioning models have a long, distinct tradition. Dissimilarity of these systems requires the settlement of a conflict (in the case of overlapping or exclude the rights) and mutual recognition (legitimate expectations) for the award of uniform rights of pension insurance. This diversity of the systems to ensure the effective operation of the principle of the free movement of persons, concerning the protection of acquired rights, resulting in slipping postulate the necessity of mutual exchange of information on existing systems. The problem of the diversity of systems can be solved not attempting to unify, but on the basis of knowledge about the way they operate and constitutional legitimacy. This is also related to the process of further European integration, which requires a greater and direct participation and involvement of both the countries and their citizens. Thus, in order to further develop the integration process paradigms constitutionalism, especially those related to the existence of the rights of freedom and social rights with the obligation of solidarity and the wider principle of genuine democracy, will become more and more of its essential elements [Policastro 2002].

Solidarity between generations is a fair non-discriminatory access to human rights, but also the human dignity and freedom of each individual to pursue personal development at every stage of life, and the ability of the active and full participation of each individual in society. However, even with the strongest legal protection that could surround human rights, it is never an easy thing to provide all members of society, especially the most vulnerable, the possibility of the actual enjoyment of their rights. The paradox is that those who are most in need of the protection of their rights, they are often the least prepared to enforce them. Therefore, the legal protection of rights must be accompanied by strong measures at the disposal of social policy in order to ensure effective access to each of their rights. It must be remembered that in the process of transformation, there is always an incentive for each generation to leave the system financed by capital reserve and enter the PAYG system to be the first generation that "captures" the provision of belonging to the initial generation. On the other hand, there is concern that future generations may find unwritten social contract to be negative and try to break it. In this case, the generation contributor will end system, and despite the contribution to the system (in the form of contributions) will not receive benefits in old age. The basic postulate is that the transformations effected provide legal security in terms of the intertemporal [Peces Barba, 1993, p. 252].

It should be borne in mind that pension systems to guarantee an adequate level of benefits, they must also ensure its stability. Therefore, the aim is also to ensure the financial solvency of pension systems in such a way that the trend of an aging population does not undermine the sustainability of public finances and the fundamental objectives of fiscal policy. It should also be borne in mind equitable distribution of resources between generations. So it seems necessary to ensure a high level of employment realized

through a comprehensive reform of the labor market in accordance with the principles of economic policy. The effects of aging can not threaten the long-term sustainability of public finances, and allow rational fiscal policy (without unduly increasing the tax burden or spending cuts). By the way, it should be emphasized that the pension policy may not lead to an excessive burden on the economically active generation (raising fees / taxes for this purpose). Pension policy must correlate compliance with the applicable pension policy already stabilization programs [Żukowski, 2006]. Such mechanisms promote transparency of pension systems and help to build public confidence in these systems based on the principle of intergenerational solidarity.

Finally, it should be emphasized that the pension systems play a significant role in life of an every person. First of all, they not only provide and guarantee the financial sources to someone who is retired but also protect the dignity of a man of an advanced age. For the majority of senior citizens the pension funds ensure the only means of living because just few retired people are able to support themselves by renting apartments or selling antiques.

The immutability and stability of the social security law is very important. Everyone who undertakes any work shall know in advance when and on what principles they can retire.

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