

pension system some of the risk must be internalized by the individual. However, the Swedish DC system is much better at realizing what the market can and cannot do. A special agency, the PPM, was created to address the shortcomings of the market.

To maintain fiscal balance and viability of the social security system in the long run, some of the risks in the system will have to be borne by the participants in the system. However privatization is not the only way to obtain this goal and is not necessarily the better option. There are ways to reform social security systems without losing their social characteristics.