Guest Editorial

Special issue on global pension perspectives – Part Two

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I am delighted and honoured to have been asked to edit *Pensions: An International Journal* again.

This is the second of two special issues devoted to global pension perspectives, building on Part One, which included articles on the various challenges facing Europe, the United Kingdom, China and India, in particular. This issue extends the collation of information on the financing of global dependency ramifications, for both Eastern and Western Europe, Australasia, Southern Asia, the Caribbean and Pacific.

The themes identified in Part Two continue unabated, but do have local differences, and further thought is given to resulting shifts in labour markets and the likely impact of intergenerational friction. If the necessity of the ‘younger old’ means continued work in later life, will this be accommodated by increased economic demand or will it be at the expense of the next generation, that is, will ‘old Peter be at the expense of young Paul’? Many unanswered questions are considered, including will the ‘older old’ be a health burden to society, and will lifestyle changes evolve to an extent that medical cost of this increasing portion of the earth’s human population be contained? Will an increase in the generations on the planet complicate finances further by a mis-match between expected inheritances and a non-expectation to bequeath? What will be the impact of the aftermath of the global economic crisis? How will the need for a short-term rebalancing of nations’ finances live alongside the need for more farsighted and exacerbated retirement funding requirements? Will employer ageism be able to override now widespread anti-age

discrimination laws, possibly stopping the increased old age labour market expansion in its tracks in favour of the perceived more flexible and versatile youth labour market? At a time when the vast majority of graduates are struggling to gain any form of employment let alone work related to their academic efforts, productivity will be key to rational behaviour, as emphasised in the article comparing the UK and Latvian experiences.

The shifting distribution in worldwide populations could be described as a ‘game’ of two halves, developed countries being hugely impacted in the first 50 years of the twenty-first century and developing countries being affected in the second half. This is, however, no game, and could have very serious consequences without proper international collegiate planning. The relationship between economic, and consequently labour, returns providing dependency income and returns from capital varies throughout the world, as does what will have to give as a result of the increasing financial impact of old populations and low fertility rates. This impact, however, is less evident in Jan Kuné’s case of Dutch population ageing and the ‘affluent society’, which suggests that society can afford to grow old provided resources are properly deployed.

In contrast, Marie Dela Rama of the University of Technology, Sydney, highlights the impact of politicisation on pension funds. In this case, the pensions’ coverage in the Philippines, a country with a population in excess of 90 million, is contrasted with retirement resources in other East Asian countries, and the

author questions how secure the government pension funds are from government temptation.

Hans van Meerten considers the impact of the Institutions for Occupational Retirement Provision Directive in the EU. He comments on the demographic deficit facing the EU and the heavy blow of the credit crunch on private pensions, and, in particular, reform of cross-border pensions. Isabel Gordon of the University of Sydney and Jung-wha Lee of Hanyang University highlight the importance of accounting for pensions, in this case comparing Australia and South Korea, making the important point that countries can, and should, take notice of what has worked (and conversely what has not worked) in other countries, especially when negating pension risk either by privatising state provision or moving the risk burden from the employer to the employee.

More niche, but fascinating, insights, including money and retirement issues of academics in higher education in Malaysia, effective stress testing of the efficiency of output of Spanish pension arrangements and an in-depth look at pensions Caribbean-style from Michael Millar and Dwayne Devonish's Barbadian evidence just add to, but also serve to conclude, this fascinating two-part pensions odyssey. It is a journey that has been, and will be, fascinating intellectually, but, more importantly, hugely serious for the future welfare of this wonderful planet.

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