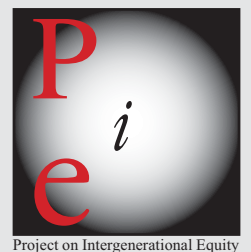


The Balance Sheet of Social Security Pensions ()

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Preface

This volume presents a collection of papers submitted to the 2nd international workshop on the Balance Sheet of Social Security Pensions, held on the 15th December 2005 in Tokyo. The study was conducted as part of ongoing academic Project on Intergenerational Equity (PIE), and the 21st Century Center of Excellence Project on Normative Evaluation and Social Choice of Contemporary Economic Systems (COE/RES) at Hitotsubashi University, both funded by Japan's Ministry of Education, Culture, Sports, Science and Technology. The PIE's main objective is to set options for fair distribution of well-being among different generations. The project addresses such global issues of increasing social concern as a) global warming, b) population aging/decline, c) sustainable economic development, and d) transition to a market economy.

The issue of pensions is one of the PIE's most important themes. It is estimated that Japan currently has the population with the highest proportion of elderly citizens in the world, and that it will maintain this position for more than 25 years thereafter. As Japan will, therefore, encounter more serious problems with its pension system than any other country, Japan should take the initiative in this field.

The PIE plans to compile up-to-date information on pensions from around the world, and draw international comparisons by means of intensive research. Several international seminars, workshops and forums on pensions have been held for the past five years, under the auspices of the PIE. This volume is the seventh compilation of results from the PIE.

We are sure that through these activities of the PIE, our institution (the Institute of Economic Research, Hitotsubashi University) has become established as a core information center of international standing, generating new insights on pension issues and laying foundations for future research.

The balance sheet of social security pensions has been rarely calculated so far. Income statement has been the major tool for describing the financial performance of social security pensions. A problem of financial sustainability arises even if income statement of social security enjoys a surplus. This can be checked by the balance sheet.

The main objective of our 2005 workshop was to exchange ideas on whether a common methodology among different countries is possible in tabulating the balance sheet of social security pensions. Also

examined was how useful the balance sheet is in assessing the financial performance. Experiences in Germany, Canada, India and New Zealand were reported and related issues on intergenerational neutrality were addressed by the other report.

We held the 1st international workshop on the Balance Sheet of Social Security Pensions on the 1st-2nd November 2004 in Tokyo. Experiences in Japan, Sweden and the United States were examined and related issues on EU fiscal rules and the implicit pension liabilities in the SNA framework were discussed at that time (see the PIE Proceedings, No. 6, which is available at the following website).

<http://www.ier.hit-u.ac.jp/pie/English/proceeding/index.html>

Besides the present Proceedings, the PIE has already released two research monographs. The titles are *Taste of Pie: Searching for Better Pension Provisions in Developed Countries*, and *Pensions in Asia: Incentives, Compliance and Their Role in Retirement*, both published from Maruzen Co. Ltd.. Furthermore, PIE members have produced a number of provisional results, many of which have been released in the PIE discussion paper series in order to encourage the exchange of views and invite critical comment. A list of these papers is available on the project's website at: <http://www.ier.hit-u.ac.jp/pie/English/index.html> (or <http://www.ier.hit-u.ac.jp/pie/Japanese/index.html>).

Let me take this opportunity to deeply express our heartfelt appreciation to the invited foreign guests who came long way to present the preliminary draft of the paper at Tokyo, and to those who gave thoughtful comments to respective papers. Special thanks are due to the Research Promotion Bureau, Ministry of Education, Culture, Sports, Science and Technology, Japan, as well as to chancellor of Hitotsubashi University and his office staff, to director and administrators of the Institute of Economic Research of the same institution.

Kunitachi, Tokyo, March 2006

Director General
The Project of Intergenerational Equity
Noriyuki Takayama

Contents

Preface

List of Contributors

Implicit Pension Debt and the Role of Public Pensions for Human Capital Accumulation: An Assessment for Germany	Martin Werding	1
Comment Takashi Oshio		36
Accounting for and Thinking about Social Security Liabilities in Canada	William Robson	38
Comment Yukinobu Kitamura		54
Towards Estimating India's Implicit Pension Debt	Gautam Bhardwaj	55
Comment Charles Horioka		70
New Zealand: Prefunding Tier 1 Pensions- Lessons from New Zealand	Michael Littlewood	72
Comment Toshihiro Ihori		100
Actuarial Neutrality across Generations Applied to Public Pensions under Population Ageing: Effects on Government Finances and National Saving	Heikki Oksanen	102
Comment Seiritsu Ogura		132
Appendix: Photographs		135

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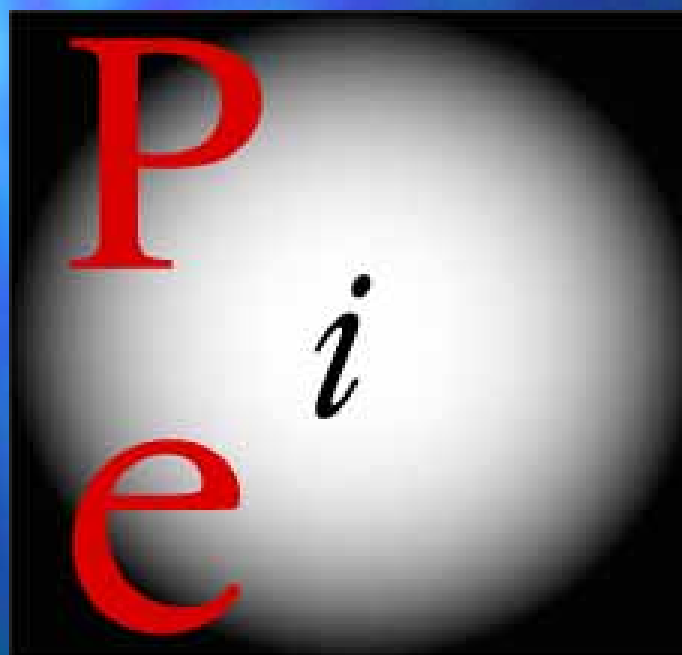
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The Second International Workshop on the Balance Sheet of Social Security Pensions



Project on Intergenerational Equity

15th December 2005, Hitotsubashi Collaboration Center, Tokyo