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Book of the day

Saving the pension system: the Chilean example

The topic: should we resign to young people paying ever higher contributions to a pension system from which they will never benefit? This is the choice which Europeans have made by giving life support to the pay-as-you-go system, although it is doomed to fail for demographic reasons. This stimulating book, which brings together several articles of the architect of the reforms adopted in Chile and copied in some 30 countries, shows that there is an alternative to this impasse. Since 1980, the introduction of individual pension savings accounts, managed by private funds, shows impressive results: apart from the increase in potential growth and pension levels, the link between rights and responsibilities has been recreated. The whole without hurting solidarity, as a minimum pension is guaranteed by the state. The main difficulty is that the transition from one system to another implies a rather considerable public debt.

The author: PhD in economics and Minister of Labour of Augusto Pinochet, José Piñera reformed the Chilean pension system

The excerpt: “Under a veil of egalitarianism, the European pension system represents an infamous injustice for tens of millions of people. Most young workers must bear ever-higher contributions to finance the pensions of the current old generation, and receive ever decreasing benefits once in retirement.”

Le Taureau par les cornes, by José Piñera, Editions Charles Coquelin and the Stockholm Network, 136 pages, 17 euros,