

STOCKHOLM NETWORK PRESS COMMENT:

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The Stockholm Network welcomes David Blunkett's recent remarks on the unsustainability of the public pension system. With an ever growing number of pensioners to be supported per worker, it does not take more than basic arithmetic to realise that either the living standard of the elderly will fall or the tax burden on the working population will increase in the near future. We agree with Mr Blunkett that long-term savings are the only reliable alternative to the short-sighted spend-as-you-tax system.

We only wonder why Mr Blunkett does not mention the fact that successful pension systems based on personal retirement savings accounts already exist. They just need to be properly assessed and carefully adapted to the UK context. As the devil is in the details, pension reform should not be discussed without a close look at international best-practice models, for example the one found in Chile which has been successfully operating for 27 years.

The Stockholm Network has recently published an analysis of the Chilean savings accounts model and has raised the question in how far it is transferable to Europe. Our study 'Private Pension Provision: What an Ageing Europe Can Learn from a Latin Tiger' concludes that despite major differences, Europe has a lot to learn from the Andean republic (to view the full publication, please visit: http://www.stockholm-network.org/downloads/publications/Chile24Sep_3.pdf .)

"Chile's system came into being under difficult conditions, but it has produced high and stable returns, and boosted investment, employment and capital market development," explains Kristian [Niemi](#), Research Officer for the Stockholm Network and author of the publication.

"Pension privatisation worked well in Chile, and it could work even better in Europe, because Europe already has sophisticated capital markets and strong institutions in place."

Exploring possible reactions to Britain's and Europe's demographic changes is a part of the wider Stockholm Network Health and Welfare programme. For further details about this and our related publication 'Europe needs Saving. Defusing the Pension Time Bomb', please visit:

<http://www.stockholm-network.org/downloads/publications/d41d8cd9-Europe%20Needs%20Saving%20final.pdf>

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Notes to Editors:

The Stockholm Network is the leading pan-European think tank. It offers a unique network of 130 + market-oriented think tanks across Europe providing access to the best European policy thinking.

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