

Reviews

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Olivia S. Mitchell and Gary Anderson (eds), *The Future of Public Employee Retirement Systems*, Oxford University Press, Oxford, 2009, 364 pp., hbk £50.00, ISBN 13: 978 0 19 957334 9.

This book is a timely contribution to the debate taking place in many developed countries on what pensions should be provided for employees working in the public sector. Given that it originates from the work of the Pensions Research Council (PRC) based at the Wharton School at the University of Pennsylvania, it is not surprising that it deals mainly with the issue within a US context and appears to be aimed primarily at an academic audience. But there are chapters on Canada, Germany and Japan and, anyway, there are enough matters of common interest to give it a wider relevance. The main limitation is that it focuses on funded schemes, with only limited reference to the unfunded pay-as-you-go schemes that are perhaps more widely used, particularly in Europe.

The book is in three sections, with an additional introductory chapter from Olivia S. Mitchell, the Executive Director of the PRC, which provides a clear and appropriately balanced summary of the issues. This is no mean feat given the political and highly charged nature of the discussions that are addressed in the book. Nevertheless, a common theme running through the book is the presumption by almost all the authors that public employee retirement systems are problematic, mainly because of their cost, and that as a result drastic cutbacks are required if they are to survive. This presumption or ‘story’ about public-sector pensions really requires more analysis, along the lines argued by Cutler and Waine in their paper *Moral Outrage and Questionable Polarities* (2010).

The first section of Mitchell and Anderson’s book is about the cost of public-sector pension schemes, looking mainly at what valuation and accounting methodology should be used for public-sector pension fund assets and liabilities. One side of the debate is presented by those who argue that public-sector schemes should abide by the practice required in the private sector, which is now governed by a market-based approach for both assets and liabilities. On the other side are those who argue that public-sector bodies are not the same as private employers as, by their nature, they can take a longer-term view and, hence, can be permitted a wider choice over cost methods and assumptions. The difference between the possible approaches is far from trivial. Other chapters discuss the reason why pension systems are relatively generous in the public sector when compared to the private sector, and the implications of the funding method adopted by US Federal pension plans which, generally speaking, is to invest in Federal securities.

The second and longest section provides examples of reforms and innovations in public-service pension systems, which is where the Canadian, German and Japanese systems are discussed. The Canadian case is particularly interesting,

with the claim that in that country public employees are relatively free of what is termed ‘pension envy’, even though they still face the same challenges as elsewhere. Unfortunately it is not clear what general lessons can be learnt from these non-United States examples but the other two chapters in this section, dealing with innovations in the United States of America (USA), are perhaps of more practical assistance.

The third and shortest section is about the political economy of public pension reform; a relatively amorphous concept that is reflected in the disparate topics in the section. These comprise a chapter on the evolution of the current system in the USA, and why it has resulted in replacement rates in the public sector becoming relatively more generous than those in the private sector; a discussion on shareholder activism by pension funds, using the California Public Employees’ Retirement System (CalPERS) as an example; and a description of the underlying political nature of much of the debate on pension provision for public employees. The last of these contends that the challenges faced by public sector defined benefits plans stem more from interest groups pursuing their own ideology, rather than from well-established economic considerations or public dissatisfaction.

Reference

Cutler, T. and Waine, B. 2010. *Moral Outrage and Questionable Polarities. The Attack on Public Service Pensions*, CRESC Working Paper Series, No. 80, Centre for Research on Socio-cultural Change, Open University, Milton Keynes, UK.

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Joanna Bornat and Josie Tetley (eds), *Oral History and Ageing*, Centre for Policy on Ageing, London, 2010, 80 pp., pbk £10.00, ISBN 13: 978 1 901097 16 0.

At a time when successful novels have to be as thick as a farmhand’s fist and academic texts need to be weighty to be considered weighty, it was a pleasure to read a slender volume sparkling with intriguing narratives and distinctive analysis. Less than 80 pages long, *Oral History and Ageing* is a participant observer’s account of the parallel lives of two comparatively new fields of academic study.

When Peter Laslett, an unmentioned patron of the relationship between oral history and gerontology, published (in 1965) his paradigm-breaking book *The World We Have Lost*, his fellow historians cast lofty scorn on it. Opening as it does with a detailed account of the roles and relationships within a medieval baker’s family – extended by apprentices and co-workers – he was turning history on its head. The Cambridge History Faculty of which he was a member were sure that their purpose was to create grand formulations of the lives of the rich, famous and powerful. Laslett saw that history was made by millions of citizens in the actions,