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Pension Reforms in Asian Countries

Introduction

The papers in this journal are the shortened and revised versions of the selected papers presented at International Symposium on Pension Reforms in Asian Countries, February 1-2, 2002 at the Hitotsubashi Memorial Hall in Tokyo.

The expected rapid aging calls both academic researchers and policymakers' attention to the problems of the existing pension systems around the world. Asian countries also realize the possible negative consequences of the existing pension systems, and now recognize the necessity of drastic pension reforms. However, while there exists an extensive economic literature on the pension reforms in the United States and European countries, only limited analysis is available with respect to Asian pension reforms. In order to fulfill this gap, the International Symposium of Pension Reforms in Asian Countries was organized and sponsored by the Asian Public Policy Program of the Graduate School of International Corporate Strategy and the Public Policy Group of the Graduate School of Economics, both of Hitotsubashi University. Japan Committee of the International Association of Universities also co-sponsored the symposium. In addition, Japan International Cooperation Agency provided generous funding assistance. In the symposium, a number of researchers and policymakers from various Asian countries made valuable contribution by presenting their papers on Asian pension reforms, while their discussants and the other participants also made significant contribution by having lively discussion over wide issues related to Asian pension reforms.

The eight country study papers in this journal analyze the existing public pension systems at different stages of pension system development and discuss the desirable directions of future pension reforms in eight East Asian countries: Japan, Korea, Taiwan, Singapore, Malaysia, Philippine, Indonesia and China. Japan could establish the comprehensive public pension system already, but is fighting her never-ending struggles to fix serious intergenerational inequality and fiscal unsustainability brought by too generous benefit to the retired generation. Korea and Taiwan are now succeeding to establish the comprehensive public pension, but are expected to face the challenges of rapid aging in near future. A few South East Asian countries (Singapore and Malaysia) avoid intergenerational inequality by adopting the pension system with provident funds, but face the problem of mismanagement of centrally managed pension funds. The public pension systems in the other South East Asian countries (Philippine and Indonesia) are still immature, and should be developed in order to provide credible social safety net. The public pension in the transition country (China) face different problems, since it should deal not only with rapid aging pressure but also with the problems accompanied with drastic reforms of SOEs. We believe that these papers will provide valuable lessons on wide aspects of pension reforms to the policy makers in Asian countries as well as elsewhere around the world.

Finally, we would like to express our deepest appreciation to the participants and the sponsors as well as anyone who helped us in making the symposium so fruitful.

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