

Comments on the paper « Pensions : Eurostat Communication to the AEG »

The present very short contribution to the EDG has the main objective of offering my full support to the paper presented to the AEG by Eurostat. In addition to this general statement, I would like to illustrate this support on two levels: first, procedural, second, on substance.

(1) Procedural: Eurostat's paper concludes on 6 options worth studying. My opinion is that the EDG moderators should base a second round of discussions with participants to the EDG based on these options. They constitute a realistic range of the solutions that might be envisaged for the revision of the SNA.

(2) Substance: in my previous contribution to the EDG (see "Lessons from the OECD workshop", posted in the EDG) I proposed a "compromise" solution. There seems to have been some confusion on this proposal.

I would like to confirm that the compromise proposal presented in my paper corresponds exactly to option 5 of the paper presented by Eurostat. It is important to note that this option 5 should not be considered as excluding the liabilities of unfunded schemes from the SNA and proposing to put them in a sort of memorandum account. On the contrary, under this option, the SNA would include these unfunded liabilities *inside* its core framework¹. However, they would be distinguished from the funded liabilities, and thus allow users to treat them separately if necessary. This corresponds to a strong message from the users present at the OECD workshop: let economists separate the flows and stocks that are observed from those that are often of a less stringent nature and/or are imputed using actuarial calculations based on strong assumptions (such as the value of the discount rate).

In addition to this separation between two types of liabilities, option 5 includes the proposal of extending the borderline of these liabilities to social security. It is important to note that these are two sub-proposals: (1) separate types of pension liabilities and (2) include social security, can be seen as independent one from the other.

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¹ As explained in the Eurostat's paper, it would even offer a convincing treatment of cases of exchange of lump-sum against implicit pension liabilities.