

## BOOK REVIEW

### *Frontiers in Pension Finance*

Edited by D Broeders, S Eijffinger & A Houben. Edward Elgar, Cheltenham, UK, 2008 (337 pages)

This book is based on the proceedings of the conference ‘Frontiers in pension finance and reform’ held in Amsterdam in March 2007. It takes the form of an introductory chapter written by the editors and then ten chapters written by different authors, each chapter being accompanied by a short discussion piece.

The chapters and authors of each are:

1. Introduction (editors)
2. Are market values fair? (J Exley)
3. The intersection of pensions and enterprise risk management (J Gold)
4. The victory of hope over angst? Funding, asset allocation and risk taking in German public sector pension reform (R Maurer, O Mitchell & R Rogalla)
5. Labour productivity in an aging society (A Börsch-Supan, I Düzgün & M Weiss)
6. It is all back to front: critical issues in the design of defined contribution pension plans (D Blake)
7. Risk-based supervision of pension funds: a review of international experience and preliminary assessment of the first outcomes (G Brunner, R Hinz & R Rocha)
8. The ideal pension-delivery organization: theory and practice (K Ambachtsheer)
9. Pension guarantees, capital adequacy and international risk sharing (Z Bodie)
10. Frontiers in pension finance and reform: institutional innovation in the Netherlands (L Bovenberg)
11. Population aging, financial markets and monetary policy (L Papademos)

In their introduction, the editors see three main themes developed among the contributions:

- a growing awareness at a theoretical level of the need to link actuarial science, as applied to pension funds, to mainstream finance theory;

- the challenges of reforming pay-as-you-go pension systems in the context of an ageing society as well as designing and implementing pension contracts; and
- the management of the relationships between pension governance and supervision and the design of pension contracts.

Given the nature and structure of the book, it is not surprising to find a wide variety of styles and a wide disparity in the level of technical detail. Some of the chapters have pages of equations whereas others have none. Some of the chapters deal with aspects of pensions in a rather abstract and perhaps academic way, while others are much more practical. Some topics are broad topics; others are focused and specific. Some of the chapters are very engagingly written; others are, frankly, hard work.

The content of the book is certainly current and topical and some of the chapters are thought-provoking and innovative, but taken as a whole it is difficult to see it as pushing the frontiers; in some areas it can lack depth and in others it can be too focused to give a sense of the bigger picture.

The wide variety means that every reader is likely to find some chapters that are relevant and some that are not. The discussion addenda to the chapters work well and add considerably by giving some glimpses into the dynamic nature of the debates at the conference and indicators for other related issues. Indeed, some of the discussions could usefully have been given more space in the book and for some chapters it might be helpful in establishing context to read the discussion before the paper itself.

Readers who are most likely to find the volume rewarding are those interested in broader issues such as regulation and the design of pension systems, and educators within the industry. Some chapters will also appeal to those involved in the implementation and design of pension contracts.

The book is undoubtedly a very useful record for those who were at the conference and in this role it does a solid job. In contrast, those relying solely on the book for a picture of pension finance may find it less accessible. Because the editors have restricted themselves to proceedings from a single conference, it is inevitably difficult for them to achieve coherence in the messages, to cover all the angles and to convey a sense of the evolution of developments. For those readers wanting to keep in touch with what others are thinking, a set of abstracts from the talks would probably have served a sufficient role. The concept of a coffee-table book on pensions finance is perhaps a little far-fetched, but if there were such a thing, this book might have a place on that table.

**David C Bowie**