ECONOMIC GLOBALISATION AND POLICIES ON AGEING

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A common perspective on globalisation is that the nation state is relatively powerless in the face of rising inequalities and can only intervene to a limited extent to offset such inequalities. If this is true it has profound implications for the future security a wide range of groups reliant on welfare provision, including older people. This paper will challenge that orthodoxy by, first, examining different definitions and perspectives on globalisation and identifying the role of key international agencies in promoting a new model of the residualised state providing for older people. Second, the tendency to see globalisation as having a universal impact on nation states and their policies is counterposed with two different models of responding to globalisation: the EU and the US. Third, the current and potential impact of globalisation on policies on ageing is outlined, assuming a continuation of present trends. Finally it is argued that prosperity in old age depends not only on economic growth. The European concept of social quality is introduced as an alternative to economic growth to show that social provision provides a key to responding to the drastic social changes linked to economic globalisation.

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Definitions, Dimensions and the Impact of Globalisation

There is no globally accepted definition of globalisation and, in practice, the term has been applied to a wide range of unrelated phenomena.

> Due to irreconcilable definitions many globalisation debates are stalemated from the outset... (globalisation has been defined as)... internationalism, liberalisation, universalisation, modernisation/ westernisation, deterritorialisation. Scholte (2000)

What consensus there is among social scientists suggests that globalisation means a shrinking of time and space; an ever closer connection between economic and social actors and events in different parts of the world.

> Globalisation may be thought of initially as a widening, deepening and speeding up of world-wide interconnectedness in all aspects of contemporary life. Held and McGrew (1999)

> (Globalisation involves)... tendencies to a world-wide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors... Therborn (2000)

Informational and communation technologies are usually placed at the heart of this process of time and space shrinkage (Castells, 1996). There is also wide agreement that there are various dimensions to globalisation: economic, political, social, cultural and environmental.

Although there is nothing in the above definitions to suggest that globalisation is inherently bad or harmful its effects are hotly disputed, particularly with regard to their impact on welfare systems (Navarro, 2000). Perspectives on the benefits or otherwise of globalisation range from the 'hyperglobalisers' celebrating the domination and power for good of the globalised economy and free markets and associated institutions of global financial governance; to the 'sceptics', arguing that the case is overstated and that the world is only globally interconnected in financial terms; and to the 'transformationalists', who see globalisation as a long-term historical process with which governments and people are faced, the nature of which is contested (Held, et al, 1999).

With regard to the impact of globalisation on welfare systems, it must be emphasised first that the vast majority of the analysis of this relationship is focussed on welfare states, reflecting the ethno-centric nature of comparative social policy (Walker and Wong, 1996). Moreover this research is often rather speculative rather than being grounded in empirical evidence. Three broad perspectives have been distinguished on the relationship between globalisation and the welfare state (Palier and Sykes, 2001):

- globalisation has a significant impact on welfare states through the increasing dominance of the (market) economy;
- globalisation has relatively little impact on welfare states;
- globalisation is having an effect upon welfare states, but these effects are mediated through (national) institutional structures and policy responses.

These alternatives are most productively regarded as a continuum. The first pole, exemplified by Mishra (1998, 1999), emphasises the economic power of globalised capitalism and the corresponding diminution of nation-state autonomy. The opposite pole, represented by Leibfried and Rieger (1998) and Pierson (1996, 1998, 2000), argue that it is national factors that explain changes in welfare states, ideology in the former case and, in the latter, demographic change, the shift from manufacturing to service industries and the increasing complexity of risk. In between them lies a range of perspectives that, to a greater or lesser extent, reflect the idea of 'path-dependency' in responses to globalisation. Thus, rather than being a universal and monolithic phenomenon, globalisation is experienced in different ways and takes different forms in different countries depending on their existing national policies and institutions (Scharpf, 1999; Scharpf and Schmidt, 2000; Streeck, 1999; Daly, 2001). This is not to suggest that radical change is impossible, that the 'path' may be shifted (Bonoli and Palier, 1998), but that such changes are mediated by national institutional structures, history and culture.

Although the evidence in Europe supports the third set of approaches to globalisation and the welfare state they may still be criticised on three grounds (apart from their ethno-centrism). First, the role of the European Union (EU) as regional intermediary between global forces and nation-states has not been emphasised sufficiently as a factor in European responses to globalisation. Second the role of international economic agencies in dominating the ideological discourse on the nature of and response to globalisation has been neglected (Deacon, Hulse and Stubbs, 1997). Third the emergence of a global civil society consisting of a variety of transnational organisations and social movements, from the Catholic Church to Amnesty International has been virtually ignored by social policy commentators (Deacon, 1999). There is space here to consider only one of these aspects of economic globalisation: the nature of the dominant response to it and how this is affecting policies in the field of ageing.

Neo-liberal Economic Globalisation

As indicated above globalisation has many different dimensions but there is no doubt that the dominant one is economic. There is general agreement that the economic components of globalisation are:

- Increasingly integrated financial markets, including for foreign exchange, equities and both long and short term debt.
- Rapid growth of foreign direct investment and an increasing share of global production in the hands of transnational corporations.
- Increased world trade, which is both cause and consequence of policies to reduce barriers to trade.
- Increasing transfers of technology through transnational forms, international licensing agreements, and joint ventures.
- Increased international movement of people, both legal and illegal.
- Rapidly increasing reach of new forms of communication.

While this is relatively uncontentious it is the international response to and encouragement of economic globalisation that has created problems both north and south. Thus much of the negative impact of globalisation (and the opposition to it), particularly from developing countries in the south, stems from the fact that the mainstream global response to globalisation has been framed within the constraints of a neo-liberal ideology. Starting with the US and the Bretton Woods institutions (the Washington Consensus) this ideology has been embraced by some European governments, notably the UK and, under pressure, some central and eastern European countries. This Transatlantic Consensus supports free markets and trade liberalisation as the mechanisms to promote growth and improve living standards. Proponents of this position assume, like national neo-liberals such as Reagan and Thatcher, that global economic growth will 'raise all boats in the sea' as the benefits 'trickle down' to the poorest. The evidence for this theory is non-existent in the national contexts to which it was applied but now it holds sway at a global level (Walker and Walker, 1997). These are also the same neo-liberal assumptions that have underpinned the orthodox model of development for so long and which have only recently been called into question (UNRISD, 2000).

The Transatlantic Consensus assumes that rising inequality is the inevitable result of technological change or the liberalisation of international trade and increased competition, or a combination of the two. Global competition means that taxation and social costs have to be minimised and that traditional public welfare states are not suited to a world in which flexibility and differentiation are the rules (Giddens, 1998). From this political perspective the nation state is powerless in the face of rising market inequality and can only intervene to offset rising inequality in disposable income but, so the story goes, it must not go too far in this redistribution or it will endanger competitiveness. Stripped to its bare bones this is the case for minimum state intervention and a residual welfare state. Globalisation is seen as the engine of turbo-capitalism which commodifies human beings and, indeed, every aspect of culture.

The fact that, in industrial countries, older people are the main beneficiaries of welfare spending has sent pensions, health care and long-term care to the top of the reform agenda and, as this approach to globalisation gains in influence, assisted by the international economic agencies, questions are constantly being raised about the sustainability of pension and social protection systems, often in the context of a negative commentary on the 'burden' of population ageing and the risk of intergenerational conflict (Walker, 1990). The impact of the World Bank on global pension systems is difficult to over-estimate. With its supranational IMF partner it has amplified global fears concerning population ageing and pushed pension systems towards the residualisation of public PAYG schemes, to a minimum role supplemented by an expansion in compulsory fully funded and individualised market pensions with the Chilean pension system being used frequently as a model (World Bank, 1994; IMF, 2000). The main architect of the World Bank's policy on pensions has even suggested that the shift to funded pensions helps to mitigate fears of globalisation because it 'broadens the citizens' perspectives, encouraging them to understand the role of, and return to capital' (Holtzman, 2001). Recently the WTO has joined the World Bank and IMF in promoting private savings-based pensions, as a way of invigorating financial markets.

The Transatlantic Consensus has the power not only to undermine established public pension systems but, as it supports the liberalising of the trade in services (including health and social care) under WTO, it could also convert national service systems into markets and subject them to competition from international firms. This would challenge national government prerogatives to provide free services or to subsidise national not-for-profit providers. The threat posed to the long established welfare state systems of income security in old age are obvious - for example in the US social security accounts for 80 per cent of the income of older people in the lowest two-fifths of the income distribution, in the UK social security provides more than half of the incomes of all older people. Developing and transition economies, on the other hand, will be unable to establish universal pension systems or to subsidise the growth of the not-for-profit sector.

Contrary for the Transatlantic Consensus, it is not inevitable that globalisation has to be responded to by rampant trade liberalisation and uncritical acceptance of the agenda of transnational corporations, there is another way. The countries of the EU, Britain aside, have shown over the last two decades that they can be both competitive in international trade and sustain the world's most generous public pension and social protection systems. This success has been built on a partnership between the public and private, between economic growth and social justice. Social protection has been demonstrated to be a factor in production as well as a source of security and well-being. Its continuation is currently in question because of the high unemployment in some countries and the political power of the Transatlantic Consensus but there are hopeful signs of a continuing compromise between flexibility and security. On this outcome rests the financial security of millions of current and future European pensioners and we will come back to this issue later.

Even if we assess the Transatlantic Consensus on its own terms we find it wanting. Rather than needing further liberalisation of trade and finance to stimulate economic growth, Table 1 shows that the world economy was already integrating rapidly before the era of liberalisation and globalisation. Indeed, in the period 1964-1973 when trade barriers were still quite high, world exports and GDP expanded more rapidly than they have subsequently (UNRISD, 2000). In other words, it is likely that faster growth led to more trade and not the other way around. A key difference between industrialised and developing countries in terms of their capacity to raise revenue is that the developing countries rely more on taxes on imports and exports (UNRISD, 2000). This is partly because customs duties are easier and less expensive to collect than other forms of taxation. Thus the drive towards globalisation and trade liberalisation hits developing countries hardest. A cut in tariff rates means a cut in income.

There has been a very recent shift away from the rigid neo-liberal position towards a socially responsible globalisation discourse, as demonstrated by the expressions of concern by the World Bank (2001) about global poverty. However there are four reasons for pessimism concerning the extent to which this is a genuine transformation in thinking and practice (Deacon, 1999). First the focus is on absolute poverty and not the structure of inequality that creates it; a fact emphasised by the residualist approach of the World Bank, which still believes that governments should only provide minimal or basic levels of social provision and social protection. Second, the inclusion of only basic education and health care within the OECD's new international development targets. Third, the action being taken by the WTO to speed up the global market in private health, social care, education and insurance services. Fourth, no money has been allocated by the rich north to try to deliver higher social standards in the south. Not surprisingly developing countries are sceptical of yet another new global development regime that is imposed from the north.

The Impact of Globalisation on Ageing Policies

The precise impact of globalisation on policies affecting older people is hard to pin down among the many rhetorical claims. An example is the emergence of the massive power of pension fund managers in the Anglo-Saxon stock market economies - they control more than half of the quoted equity in the UK and US. This has coincided with globalisation but is rooted in the national systems which allow such intermediaries to act primarily in the interests of shareholders rather than pension scheme members because the latter's property rights are not clearly defined by law, hence the description of these funds as 'grey capital' (Blackburn, 1999, 2002). Economic globalisation enhances the power of fund managers rather then creating it. The extent to which economic globalisation limits the freedom of nation states to enact progressive policies on pensioners, health care and so on is an open question. It is clear that it does, in both practical and ideological terms, but how much has yet to be tested in different countries and regions. In the absence of categoric evidence on many aspects of the relationship between globalisation and policies on ageing what can we say with certainty? Five points will be emphasised.

First, much of the welfare state restructuring that undermined pension systems in countries like the UK, US and New Zealand was carried out for ideological reasons with a primarily national dimension (Walker, 1990, 2002). Table 2 shows the extent of recent pension reforms in the EU in response to population ageing and they are relatively modest in impact.

Only the UK, so far, has followed the neo-liberal prescription towards pre-funding and privatisation, although both Italy and Sweden have introduced elements of pre-funding in recent years. Thus the UK has been referred to as the laboratory of grey capitalism (Blackburn, 2002).

Second, international economic agencies, particularly the Bretton Woods institutions, have played leading roles in promoting the residualisation of developed state welfare provision for older people and in amplifying the so-called burden of population ageing (Walker, 1990). The latest and most bizarre intervention along these lines has come from the CIA (2001). Thus the global discourse on pensions and population ageing has been orchestrated by supranational organisations which, at the same time, are purveyors of a neo-liberal agenda in terms of both the definition of problems and the proposed, one size fits all, solution (Walker, 1990; Deacon, 2000). Nonetheless, as is illustrated in the next section, the prescriptions of these organisations have not yet been accepted universally. There is also a series of struggles taking place between and within international governmental organisations (IGOs) about both their participation in policy making and the nature of the policies themselves (Deacon, 2000).

Third, these same IGOs are crucial in determining policies on ageing in transition and developing countries and there are numerous examples of nations being 'advised' to either privatise existing systems or to follow the private funded route in building provision (Ferge, 2002). Such 'advice' is usually the condition for the award of a loan (Table 3). Strictly speaking this is not globalisation but globalism - the power of IGOs, which was always strong in the south, and was greatly enhanced by the collapse of state socialism (Deacon, et al, 1997). The WTO has a global reach and as noted already, the proposed liberalisation of health and social care markets in the WTO process has the potential to both undermine established public systems of support for older people and to prevent their creation in developing and transition countries.

Fourth, there is no doubt that the model of provision for old age implicit within the Transatlantic Consensus and the US model of flexibilised turbo-capitalism is exerting a powerful influence on nations north and south. Examples include the push by some EU countries to de-re-regulate their labour markets and to reduce pension costs; and the privatisation of pensions and health care in Central and Eastern Europe. Of course pensions are difficult to build up when employment is insecure. In Argentina the state pension itself has been cut. Regardless of its global reverberations however, the leading examples of privatisation are the Anglo-Saxon stock market economics, led by the US.

Fifth, the increasing power of IGOs makes it even more difficult for citizens to influence policies that effect their daily lives. Recently the EU has seen the growth of pensioners' movements (Walker and Naegele, 1999) but the absence of representation at the supranational level creates a major democratic deficit. Thus it is likely to be a factor in the protest movements against even more remote IGOs such as the WTO (Klein, 2000).

The threat that is currently posed to welfare states is to further weaken support for universalism. The consequences for older people hardly need stating, they are the main beneficiaries of pension, health and social care provision. In developing countries the risk is that the solidarities that underpin welfare state provision will be impossible to build (Deacon, 1999). The urban middle classes will increasingly resort to market provided welfare. This process will result in residual provision for the poor and that always means poor quality services (Titmuss, 1968).

All over the world the public sector has been weakened and, in some cases drastically so by policies based on the neo-liberal assumption that it is an unproductive burden on the private sector. Yet history teaches us that economic security in old age cannot be guaranteed by private markets. In the contemporary world too evidence points clearly to the critical role of the public sector in promoting well-being. This was the conclusion of a review of the positive experiences that combined economic growth with conscious social development in Botswana, Mauritius, Kerala (India), Sri Lanka, The Republic of Korea, Malaysia, Barbados, Costa Rica and Cuba. Mauritius and Botswana introduced universal pension entitlements, Uruguay and Costa Rica reformed their PAYG systems without full privatisation and Korea has created a universal form of social policy reflecting its productive welfare strategy, which includes a unified pension system. Private markets have an important role to play but, if this becomes a dominant one, it creates insecurity and social exclusion.

The international economic agencies, notably the OECD, have been examining the sustainability of pension systems for decades and it is clear that there is not one single model that is appropriate for all countries. What is obvious however is that, everywhere, intergenerational solidarity is the basis of material well-being. As Table 4 illustrates, approaches to old age security across the world depend, to a greater or lesser extent, on risk-pooling - either within the family or society. In developing countries it is common for such risks to be pooled within families and for redistribution to occur across generations. In most industrialised countries welfare state systems provide the mechanisms to pool risks and to transfer resources between generations. This is also the case for economies in transition that have established welfare systems or are in the process of (re-) building them. Even in those countries which rely to a great extent on personal savings there is still an important element of redistribution between generations (as in the US case).

The Bretton Woods institutions and northern aid donors have not learnt the lessons from the building of the European welfare states, in which inter-class and inter-generational solidarity proved critical. By focussing on the very poorest they have encouraged the urban middle class to desert the public sector and to seek health and social care and pensions in the private market. This, in turn, prevents the creation of universal social protection systems and residualises the public sector (Deacon, 1999). Thus the destruction of public services for the middle classes in the developing welfare states of Latin America, South Asia and Africa, in the name of meeting the needs of the poorest has weakened the basis for solidarity in these premature welfare systems. The problem was one of inequity in distribution within these systems, which favoured the elite, not the principle of solidarity.

While neo-liberal globalisation tends to polarise society and weaken the basis for solidarity, national systems of income protection in old age require public institutions that promote the values of equity and social cohesion. Above all this calls out for strong public (including not-for-profit) institutions and a renewal of commitment to the public good. This is a tall order in many developing countries and NGOs have a crucial role to play in helping to build administrative capacity.

Contrasting Responses to Economic Globalisation

There is a strong sense in the discourse on globalisation that its processes and their impact are inevitable and, moreover, that public policy has little choice about how it responds. We want to question that fatalism and urge researchers to subject the conventional wisdom to empirical testing.

The myth of inevitability concerning the impact of economic globalisation on social welfare is exposed by the existence of different responses, for example those of the US vs. Continental Europe. The neo-liberal discourse holds that the welfare state regulates and hinders the free movement of labour and employers. In particular social security is usually placed in the dock for preventing people from adapting their behaviour to economic requirements (i.e. rapidly changing economic conditions). In a nutshell, welfare provision hinders the flexibilisation of labour.

A key characteristic of the US social and economic model is short-termism: the necessary adjustments to changing economic conditions must take place in a short space of time. A key factor in this trait is the stock exchange - the main source of capital - which favours short-term returns. The major companies also adopt the financial market's short-term orientation, a process that owes much to the power of pension fund managers (Blackburn, 2002). Because of the weak trade union movement and the absence of social bargaining very little attention is paid to long-term social investments and, consequently, the expectations about social security are relatively low. In this context the discourse on economic globalisatoin and, in particular, on the core issue of flexibilisation tends to focus on the welfare state as a barrier to flexibility (reflecting the neo-liberal ideology that partly contributes to it). A central feature of this discourse is the idea of forcing people to participate in the modernisation process. Vobruba (2001) calls this 'adaptive flexibilisation' and regards it as a core feature of the US model: 'an economic elite creates economic requirements, the majority adapt to them' (Vobruba, 2001, p.263).

In contrast to the US the continental European approach, up to now at least, has favoured a long-term orientation. The European model has emphasised both employment and income security. It has tended to see the importance of social policy and the welfare state in providing some stability so that labour can become more flexible. In this case, the welfare state is seen as a <u>precondition</u> for flexibility rather than a barrier to it. A high value has been placed traditionally on social security. In the language of the EU social security has a productive function: social policy balances the insecurities brought by flexibilisation (flexiurity). Vobruba (2001) calls this 'innovative flexibilisation' because the European social model provides a longer time horizon in response to globalisation.

> Adaptive flexibilisation means to force people to respond to a changing social and economic environment, innovative flexibilisation means to enable people to form the social and economic environment. (Vobruba, 2001, p.264)

In the European model there appears to be an acceptance that stability in some aspects of people's lives is essential if they are to be flexible in other respects. This assigns a key role to institutions and, in the realm of living standards, it is only the state that can act as a guarantor. Thus the welfare state is a 'precondition for flexibility' (Vobruba, 2001, p.263). In the European model it is the welfare state that provides the long time horizon in which innovative flexibilsation can take place. Improvements in economic performance within the US model have been at the expense of people's living and working conditions whereas, within the European model, improvement in economic performance and living conditions are achieved at the same time.

Living conditions and well-being over the life course are essential precursors of quality of life in old age. With regard to those already in old age the higher average standard of living of European compared with US older people appears to have been sustained, but that is an empirical question. Within the EU, apart from the UK, the downward pressure on pension spending has come principally from European factors, especially EMU, rather than directly from globalisation. Underlying these two contrasting models are European universalism and USA residualism.

International Social Standards: the Case of Social Quality

The critique of neo-liberal globalisation has led to calls, notably at the 2000 Geneva Social Summit, for the establishment of international social standards with which to counteract the downward pressure on social spending (the race to the bottom) (UNRISD, 2000; Deacon, 1999). This way forward is fraught with difficulties, not least the justifiable complaint in the south that standards are being imposed from the north. However, if there is not some international agreement about social standards (not institutional structures) then it is difficult to see how social dumping can be prevented. (There must, of course, be safeguards against the imposition of standards and a global effort to assist countries in the south to develop their social policies.) We would go further and argue that, in the European tradition, social protection is an indispensable precondition of economic performance. Going still further we would argue that social goals should predominate over economic ones.

Some of this thinking is to be found in the Social Quality initiative in Europe which was launched formally under the Dutch Presidency of the EU in 1997 (Beck, van der Maesen, Walker, 1997; Beck, van der Maesen, Thomèse and Walker, 2001). Social quality is a new standard intended to assess both economic and social progress, one that can be used at all levels to measure the extent to which the daily lives of citizens have attained an acceptable level. It aspires to be both a standard by which people can assess the effectiveness of national and European policies and a scientific yardstick for evidence-based policy making. It is being operationalised in Europe but could be applied globally.

Social quality is defined as the extent to which citizens are able to participate in the social and economic life of their communities under conditions which enhance their well-being and individual potential. The level of social quality experienced by citizens depends on four social, economic and cultural characteristics of societies, organisations, localities and groups but which are measured at the individual level: the degree of socio-economic security; the level of social inclusion; the extent of social cohesion; and the level of autonomy or empowerment. As Diagram 1 shows, these four components of social quality can be represented by a quadrant. On the one hand there is the distinction between the macro and micro levels - the tension between societal development and biographical development. On the other hand there is the distinction between the formal and informal - the tension between institutional processes and the individual's 'lifeworld' (Habermas, 1968). Of course each cell of the quadrant is itself represented by a continuum: socio-economic security/insecurity; social cohesion/fragmentation; social inclusion/exclusion; and autonomy\dependency.

Following initial work on this concept, which was driven by a critique of the dominance of economic policy over social policy in a European context (Walker, 1984) and the sense that the response to economic globalisation was putting at risk the European model, the idea has been adopted by the European Commission (2000) albeit in a partial form. The second phase of work on social quality, which goes beyond the scope of this paper, consisted of theorising what is meant by 'the social': the self-realisation of individuals as social beings, in the context of the formation of collective identities (Beck, van der Maesen, Thomèse and Walker, 2001).

In the third and current phase of work on social quality the approach is being tested in a large European research project. If it works in a range of European societies it could be extended to other regions and used as a method to achieve and maintain social standards. In fact it could be elevated to the goal of national and global economic policies. Instead of simply assuming that economic growth is beneficial, the social quality concept provides a rationale for growth and a vision of a society in which social goals dictate the direction of economic policies. In short, if offers a way for governments and citizens of all ages to ensure that globalisation follows a socially responsible path.

Conclusion

Social quality offers one potential counter argument to the orthodoxy that there is only one way to respond to economic globalisation. The current approach risks a 'race to the bottom' as transnational corporations move to countries with both low wages and low taxation and social costs. In this world it will be extremely difficult and, in some countries, impossible to construct the basic machinery of income security in old age. The development of international social standards may provide a buttress against economic domination. But the social quality standard has yet to be developed fully and operationalised and others, such as the ILO conventions, could justifiably claim international precedence (Standing 2001a, 2001b). If the route of globalised social standards is chosen its implementation must be inclusive and sensitive to the suspicion that, once again, the rich north is trying to impose conditions on the poor south. This suggests the need not only for resource transfers from north to south but also the involvement of developing countries in devising such international standards. There is obviously a key role for intermediary countries, such as the transition economies of Central and Eastern Europe and the rapidly industrialised middle income countries of South-East Asia in demonstrating the possibility of different pathways in responding to economic globalisation. Korea is a case in point because it is one of those countries that has created a universal form of social policy, including a pension system, in recognition of the fact that liberalisation demands that greater attention is paid to social protection rather than less.

The importance of regional institutions, such as the EU, MERCOSUR and ASEAN, should also be emphasised. For example the EU has attempted to combine a regional economic policy with a regional social agenda (European Commission, 2000) and, perhaps, this idea (not the specific institutional features) could be tried by the southern trading groups. In the pensions field this includes setting common objectives (Table 5). The EU and some middle-income countries such as Korea demonstrate that economic globalisation does not have to lead to residualisation and privatisation of social protection. Unfortunately, as far as the EU is concerned, the forthcoming process of enlargement will embrace several countries that have already followed the 'advice' of the World Bank and substantially reduced their public pension schemes and boosted private pre-funded pensions. Such privatisations have also attracted praise from the economic policy arm of the European Commission (Ferge, 2002, p.15). This neo-liberal model will sit uneasily alongside the existing EU one. Thus the goal of economic security in old age, recently proclaimed at the World Summit on Ageing, is challenged by the neo-liberal model of development and neo-liberal inspired economic globalisation. Unless an alternative, social responsible, model of globalisation can be promoted it is obvious that economic security will be open to only a minority of the world's older population.

Table 1 International Economic Activity 1964-94 (average annual percentage changes)

Period	World expert volume	World FDI flows	International bank loans	World real GDP
1964-73	9.2	-	34.0	4.6
1973-80	4.6	14.8	26.7	3.6
1980-85	2.4	4.9	12.0	2.6
1985-94	6.7	14.3	12.0	3.2

Source: UNRISD (2000)

Table 3 World Bank Loan Conditions, 1980-94

Condition	Number of countries where imposed
Expenditure reforms	126
Social-sector restructuring	60
Privatisation and marketisation	43
Streamlined budgetary processes	42
Civil service reform	42
Poverty alleviation	10
Participation	1
Others	26

Source: World Bank (1997)

Table 4 Approaches to Old Age Security

	FORMAL			INFORMAL
	PUBLIC	OCCUPATIONAL	PERSONAL SAVINGS	EXTENDED FAMILY
LEGAL STATUS	MANDATORY	VOLUNTARY OR MANDATORY	VOLUNTARY OR MANDATORY	VOLUNTARY OR MANDATORY
BENEFITS	DEFINED BENEFITS	MIXED	DEFINED CONTRIBUTIONS	-
FUNDING	PAYG	MIXED	FUNDED	MIXED
PUBLIC/ PRIVATE	PUBLIC	PRIVATE	PUBLIC OR PRIVATE	PRIVATE
EXAMPLES	OECD LATIN AMERICA CHINA (URBAN)	AUSTRALIA BRAZIL FRANCE NETHERLANDS SWITZERLAND	CHILE MALAYSIA SINGAPORE US	MOST OF AFRICA AND ASIA CHINA (RURAL)

Table 5 EU Common Objectives for Pensions

ADEQUACY
Safeguarding the capacity of pension systems to meet their social objectives.

1. Prevention of poverty and social exclusion
2. Maintenance of living standards
3. Promotion of solidarity

FINANCIAL SUSTAINABILITY
Multi-faceted strategy to place pension systems on a sound financial footing.

4. Achievement of a high level of employment
5. Incentives for participation of older workers
6. Reforms for sustainability
7. Fair balance between the active and retired
8. Ensure appropriate regulatory framework for funded pension schemes

MODERNISATION

9. Compatibility with labour markets (flexibility and security)
10. Ensure equal treatment between men and women
11. Greater transparency and adaptability.

Diagram 1 The Social Quality Quadrant