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Pension Policy: The Search For Better Solutions. By John A. Turner.

Robert L. Clark

North Carolina State University, robert_clark@ncsu.edu

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Pension Policy: The Search For Better Solutions. By John A. Turner.

Despite my concerns about her proposed co-regulatory system, Estlund should be congratulated for writing an important, thought-provoking book that makes many contributions to the goal of workplace fairness. I would urge Estlund to continue to push for some of the other reforms she trumpets in the book, including (1) continuing to agitate for labor law reform to make union organizing and collective bargaining easier and remedies more effective; (2) moving to expand the definition of "employer" in other employment statutes to the broader definition contained in the Fair Labor Standards Act to provide for more joint-employer liability in supply-chain situations; and (3) pushing for increased shareholder activism on behalf of labor interests. Through such gradual efforts, the hope is that employees will be able to govern the workplace meaningfully in a partnership with their employers.

Paul M. Secunda
Associate Professor of Law
Marquette University Law School
Milwaukee, WI

Human Resources, Management, and Personnel

Pension Policy: The Search For Better Solutions.
By John A. Turner. Kalamazoo, MI: W.E.
Upjohn Institute for Employment, 2010. 239
pp. ISBN 978-0-88099-355-5, \$40 (cloth).

In *Pension Policy: The Search For Better Solutions*, John A. Turner provides a useful discussion of some of the most important issues confronting the continued development of employer pensions in the United States. The book centers on nine major issues that are outlined in brief in the opening chapter and then examined in more detail in the subsequent chapters. Though the focus of the book is pension policy in the United States, Turner uses his extensive knowledge of international developments to provide some guidance on policies that American employers, workers, and regulators might consider.

Since the 1980s, only about half of the U.S. labor force has been afforded pension coverage. Turner explores policies that might increase the incidence of pension coverage. One central question he addresses is whether employers should be required to offer their employees the opportunity to participate in a pension plan, a discussion to which Turner devotes Chapters 2 and 3. Specifically, in Chapter 2, Turner provides a brief overview of the methods adopted by other countries to require employers to offer retirement plans. In Chapter 3, he focuses on developments in the United States that could increase the proportion of firms that offer a retirement plan and the percentage of workers in firms with plans that actually enroll in the pension plan. Workers' decisions to participate, given that a plan is offered, have become a more important component of pension coverage due to the shift to defined-contribution plans, which require worker actions. Turner notes the important role of information and

defaults in the pension coverage.

Pension coverage depends on employer and employee preferences. The characteristics of defined-benefit and defined-contribution plans imply different risks to agents in the labor market and affect worker behavior in different ways. In Chapter 4, Turner examines how pension plans alter retirement choices and turnover. The lack of portability is one of the most important disadvantages of traditional, defined-benefit plans. Turner explains in the following chapter that in many countries, employers are encouraged to offer retirement plans through tax policy. In general, tax policy tends to treat pension contributions or returns to pension investments more favorably than current income. Thus, contributions to an employer pension plan can be a more efficient method of saving. Once again, Turner illustrates that preferential treatment of employer pensions is a common practice in many countries.

A major difference in defined-benefit and defined-contribution plans is who bears the investment risk. Devoting Chapter 6 to this issue, Turner describes a series of financial risks associated with both types of plans and considers methods of addressing or modifying some of the risks inherent in deferred compensation. The distinction between defined-benefit and defined-contribution plans can be bridged somewhat through the use of hybrid plans, which typically share some of the characteristics of each. In Chapter 7 Turner describes the basic characteristics of these alternative plans.

In his analysis on funding issues (in Chapter 8), Turner considers who bears the incidence of pension contributions and asks if it matters whether the employer contributes directly to the plan or employees contribute through payroll deductions. As with many other analysts, he tends to underplay the investment risk that workers bear in defined-benefit plans, including employer bankruptcy, plant closing, and plan terminations. A relatively new concern of economists is the role of financial literacy and defaults in promoting retirement saving in pension plans in which workers must make important choices. The author spends more time on the defaults and places too little emphasis on what people know and how education might enhance retirement planning.

Turner devotes Chapter 9 to a variety of issues concerning the actual receipt of benefits, from pension plans to what he calls "lost pensions." How can workers who change jobs find their pensions from earlier jobs? He considers the policies of other countries that assist employees in finding these pension benefits, earned earlier in their careers. Turner is concerned about the decline in annuitization of pension assets. This trend is based on two factors: first, the shift from defined-benefit plans, which by law must offer a life annuity, to defined-contribution plans that provide the benefit in a lump sum; and second, the increasing tendency of defined-benefit plans to offer lump-sum options. He suggests several methods of increasing the proportion of retirees that would annuitize their retirement benefits. In the final chapter, Turner presents his ideas for achieving better solutions for American pensions.

This volume is a concise discussion of many of the major issues affecting pension policy in the United States. A strength of the book is the comparison of U.S. pension policy to that in other countries. For the most part, however, the presentation is just a statement of what other countries are doing rather than an analysis of whether these policies would work in the United States. The book does not contain original research on the effects of employer retirement plans or how these plans affect workers and firms; it does nonetheless survey the key issues facing policymakers. Thus, those interested in considering changes in pension regulations would find a range of options worthy of consideration in the volume.

Robert L. Clark
Professor, Department of Economics
Professor, Department of Management, Innovation,
and Entrepreneurship
North Carolina State University

International and Comparative Industrial Relations

Just Trade: A New Covenant Linking Trade and Human Rights. By Berta Esperanza Hernandez-Truyol and Stephen J. Powell. New York: NYU Press, 2009. 416 pp. ISBN: 978-0-81473-693-7, \$55 (cloth).

For decades, perhaps centuries, international trade policies and international human rights policies have run either in direct opposition to each other, or at the least, on parallel tracks, viewed as conflicting global schemes. In fact, the authors note that in the early days of trade liberalization, the General Counsel of the World Bank stipulated that the Bank was prohibited from complying with U.N. human rights decisions. For decades as well, there has been concern in many sectors about the dark side of globalization and its impact on human rights. More recently, the World Bank has made clear its concern about the rise in inequality that has come with trade integration.

In their book *Just Trade: A New Covenant Linking Trade and Human Rights*, Berta Esperanza Hernandez-Truyol and Stephen J. Powell attempt to end the “splendid isolation” of the two areas of law. They argue that trade rules can be read—and in fact were meant—to support human rights. The authors intend the book to be a catalyst for discussion and development of policy coherence in these two areas. They should be applauded for an ambitious, even courageous, foray into this minefield and for a carefully developed, thought-provoking presentation.

Beginning with a primer on adoption of international law standards within the United States, the authors offer a general outline of the development of trade rules and international human rights standards. Following these introductory chapters is an exploration of several areas of human rights concerns—environmental degradation, health, labor, trafficking, gender, indigenous peoples, poverty, and democracy—in which

the authors explain how, in each realm, trade laws can and should be harmonized with human rights laws.

Article XX of the General Agreement on Tariffs and Trade (GATT) forms a centerpiece of the authors’ thesis. Essentially, it gives the World Trade Organization ([WTO], to which GATT was later renamed) members the right to restrict trade in order to protect public health and welfare—specifically public morals, public health, and exhaustible natural resources. Hernandez-Truyol and Powell argue that these provisions established a common set of human rights norms applicable to all countries. In the context of labor, they cite the WTO agreement that the four core International Labor Organization (ILO) standards—freedom of association, no forced labor, child labor, or discrimination—constitute these norms.

Hernandez-Truyol and Powell review a number of WTO decisions as a way of indicating an evolving harmony between trade and human rights laws. They cite, for example, the *Shrimp-Turtle* case, in which the WTO Appellate Body eventually upheld a U.S. ban on imports of shrimp caught by boats without a turtle exclusion device, as evidence that reliance on Article XX is possible in the context of environmental preservation.

In each chapter and each human rights context, the authors relate the material concerns of communities—poverty, gender discrimination, migration, democracy, labor, health, indigenous peoples—regarding trade rules, including GATT’s Article XX and the Sanitary and Phytosanitary and Technical Barriers to Trade agreements, which also allow governments to take measures to preserve human life, health, and the environment. They note that regarding the *Japan-Agricultural Products* phytosanitary case, which involved imported fruit, the WTO Appellate Body indicated that where there is sufficient scientific evidence to support a country’s method of protection and an adequate risk assessment, WTO panels will uphold measures taken to protect human rights.

Just Trade presents a number of bold ideas for the incorporation of human rights standards in trade matters. The authors ask, for example, whether Article XX’s allowance for the protection of “public morals” could be extended to products made by child or forced labor, and whether protection of human life in that same article could apply to the health of workers who make a particular product. They find support in the U.S. Business Roundtable’s statement that Article XX’s allowance of rules forbidding products made by prison labor may be extended to forced labor (p. 145).

They recommend further reforms in the area of trade regulation, suggesting first that trade rules should require multinational corporations to provide assurance that they are abiding by labor standards in order to gain access to favorable treatment, and second that new trade agreements should include a human rights impact statement to test what effect trade liberalization will have on issues such as the treatment of women, poverty, and migration. The authors also suggest that countries in which multinational corporations are registered be held responsible for human rights violations committed by the transnationals.

As a labor rights practitioner, I found a number