Merita Xhumari, *Pension Trajectories in Western Balkans: Three case Studies: Albania, Macedonia and Kosovo, 1990-2010. Tirana:* UNFPA, 2011, pp.l58. ISBN: 978-9928-124-24-l.

This very attractively presented booklet provides a comparative study of pension systems in three adjoining Western Balkan countries. This furthers some of Xhumari's earlier work including some in collaboration with William Bartlett of Bristol University. These countries, of similar population sizes all emerged from over 45 years of Communism around 1990; however, as formerly part of the non-aligned Yugoslavia, Macedonia and Kosovo, previously had pension systems more in line with Western systems than did Albania.

It was not within the scope of Xhumari's study to give a clear overview of pensions under Communism, but glimpses of how it worked before 1990 emerge in the descriptions of how it has been forced to change. Since 2000, all three countries share an aspiration to join the EU. With this in mind, the author is interested to explore how it is that each of the countries has adopted different ways of reforming their pension systems.

The book is divided into seven chapters (three of which relate to each of the three countries under scrutiny), others concentrate on comparisons. The study is lavishly enhanced with 42 tables and 24 charts, featuring all statistical aspects relating to pensions: populations, employment, benefits, contributions and their relationships to one another.

Dr. Xhumari comments on the relevance of this study at this time in the context of EU integration concerning a new conceptual framework for pension reform in the Western Balkans. As each has been affected very differently in their emergence from Communism, they share a common problem of high unemployment and increased poverty. The populations of the three countries are quite similar, both in size and in age-range: Albania three and a half million (of whom a third live in Tirana [p.149], Kosovo two million and Macedonia two and a half million. Combining all three, they have populations of 50 percent under the age of 35 years and less than 10 percent over 65. The research question is:

Why are such different approaches used for their pension systems, even though they all share common characteristics: of populations, low GDP and high unemployment, poverty and migration?

Amongst problems to be faced by policy makers is the change of attitude necessary when no longer living under a paternalistic state, where unemployment did not exist, and at the same time facing the new but weak regulatory controls of the state. The institution of strong and supportive extended families, both within the countries and in the diasporas, has assisted the situation of pensioners, as have international donors, but these activities, as Dr. Xhumari points out, are unsustainable if there are no resources generated in country. She encountered some problems with the different terminology used concerning the three countries' legislation and statistical reports.

Some solutions to the difficulty of spreading sufficient pensions has been approached in other European countries by raising retirement ages, eliminating or restricting early retirement, introducing incentives for late retirement and extending the working period for the calculation of benefits.

Albania's pension reform, starting in 1993 followed the Bismarckian model. It was introduced by the Czech Professor Igor Tomes, Senior Advisor from the World Bank. Xhumari then discusses in detail the changes and challenges in the pension system up to 2010.

Macedonia's pension reform also started in 1993, with a Pay as You Go system. It received strong support from the World Bank. Although, in 2006 special efforts were made to ensure that the population was aware of its pension rights, the author finds that "public information and transparency in management are weak" (p. 85). By 2008, it was found that no pension was more than twice the minimum amount (whereas in Albania there is a wide range between a minimum and a maximum pensions). Xhumari notes that minimum preconditions for the introduction of pension funds are: a competitive and liquid market, minimum investment instruments, legislation and regulation. Kosovo lost a great deal by investing totally abroad. In the case of Albania, she suggests that it would be better for the government to support, with investments in agriculture, rather than giving income support. Reduction of pensions has been much more extreme in Albania than in Macedonia.

The Kosovo case is very different from the other two, as a result of extreme measures taken by the Serb-based authority before the 1999 War; the terrible results of the War itself; and the taking over of authority following the War, by UNMIK. By 2001, UNMIK laid the legal framework for the pension system, following the Beveridge model of social security; but great difficulty was encountered, due to lack of employment records (not to mention extreme handicaps to the possibility of employment prior to l999). Kosovo's population is made up one third by under-15's and has a median age of around 25 years, and only seven percent over 65; however this ratio of young to old is predicted to change, such that by 2051 there could be as many as 20 percent of pensionable age. By 2009, Xhumari found that 40 percent of men of working age were actually in employment, and for women this figure was only 13 percent. She finds, staggeringly, that: "It is interesting to note the correlation between the unemployment and poverty rates in Kosovo's case: 45 per cent of the population lives in poverty, i.e. below l-42 euros per day and 15 per cent in extreme poverty, i.e. at or below 0.93 euros per day" (p.131). In addition to usual social benefits to be covered, there are additional benefits due to many, under the Kosovo War Veterans' scheme. She also found a lack of co-ordination concerning the various benefits, even though they are all financed by the central budget, and operate under the Ministry of Labour and Social Welfare; but considers that new legislation in 2009 may address this. However, with Kosovo's citizens being the poorest in Europe, there is considerable outmigration and black market activity.

In comparing the outcome of pension reforms in the three countries, Xhumari considers three phases: 1991–2001, 2002–2005 and 2006–present. In the second phase, both Macedonia and Kosovo introduced compulsory pension schemes for employees. In the third phase, voluntary private pension insurance schemes were introduced in all three countries. Xhumari discusses how the cost, adequacy and accessibility of these differs in each country, and especially having to ride the financial crisis of 2008. Under Communism 60 percent in Albanian lived in rural areas; Xhumari notes that the rural population is still 50 percent (p. 122). She is critical of the fact that land is not being worked economically; that many who would benefit much more from government subsidies for better land use, than, as is too often the case, that the inhabitants should be forced to migrate either to the cities or to other countries. Xhumari provides an interesting table (p. 123) showing comparisons of pension reforms in 14 Transition Economies, and a very clear diagram of the interaction of the “Five actors and pillars of the pension system” (Individual, Market, Family, State and Employer) (p. 126).

The final chapter considers what each of the countries can learn from one another on the issue of pension policy. Concerning the situation worldwide, Xhumari states that 29 million older people will be added to the world’s population each year between 2010 and 2025 (p. 134), with an increasing proportion of these in developing regions.

There is an extensive bibliography. It is unfortunate that such a well researched and detailed study should be marred by very poor translation, rendering most of the text hard to read smoothly.

Antonia Young