The Society of Actuaries in Ireland

News Release

'No Mad Tiger Disease for Irish Economy'
Pension Projections unlikely to be Achieved

A leading Irish economist has said that the Irish 'Celtic Tiger' economy is unlikely to crash in the same manner as the Asian Tiger economies, because the structures of Irish economic growth are different.

Speaking at a financial seminar, organised by the **Society of Actuaries in Ireland**, Trinity College Professor John Bristow said that there were no signs of a 'mad tiger disease', but warned that an ill-managed domestic economy was the main threat to continued growth.

The Economics Professor sounded a loud warning to unions saying that their influence could, in the long term, have a negative effect on Ireland's economic welfare.

"The unions need to understand that loss of competitiveness poses a real threat to employment and that, in insisting on high disposable wage growth at the present stage of the cycle, they jeopardise the prospects of their own members, to say nothing of the rest of society," he said.

Professor Bristow added that refraining from further tax cuts and allowing immigrants to work would help sustain growth which, according to an OECD (Organisation for Economic Co-operation and Development) report published yesterday, is expected to slow from 10% in 2000 to 8% in 2001.

"We should relax immigration restrictions for all types of worker. We seem to be overlooking a way of relieving sectoral labour shortages - a way which has worked well in other countries."

"There is no point in having one Minister trawling the world for skilled labour and another refusing visas to such persons unless they are Irish or of British origin," he said.

Professor Bristow concluded by saying that the Government should increase the budget surplus even further - to increase funding for the State pension scheme and pay off the national debt.

The central theme of the Society of Actuaries seminar, entitled Financial Services - the New Economic Paradigm, is the consequences of lower investment returns for life assurance and pension providers, consumers and their advisors.

Pension Projections unlikely to be Achieved
Irish Life Assurance Actuary Eoghan Burns said that the impact of lower investment returns in future years urgently needs to be brought to public attention

Mr Burns said that pension projections, which assumed a continuation of high growth rates in investment markets of recent years, were unlikely to be achieved.

He said a 2% drop in long term investment returns would halve the pension a 30 year old would expect at retirement.

Eddie Hobbs of the Consumers Association of Ireland echoed the need for greater communication with the public. Projections of returns should not be based on one assumed return for all investment mediums, he said.

Society of Actuaries President, Jimmy Joyce, welcomed the debate and said that actuaries would play a key role in accessing the long-term financial effects of changing investment conditions.

Further speakers at the seminar include: Paul Walsh of Acumen Resources and Gerry O'Carroll of Watson Wyatt.

Further information
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Note for editors
The Society of Actuaries is the professional body for actuaries practicing in Ireland, many of whom work in the pensions and life assurance industries. The Society aims to develop the role and standing of the Actuarial profession and to enhance its reputation, in particular for serving the public interest.

31 May 2000