

The
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OPINION

Sailing on a ship of hope

IN THE coming weeks there will be a lot of talk about peace and goodwill to all men and loving our neighbours.

But however sincerely we wish for such things, not many of us ever get round to taking it much beyond pious hope. The idea of actually doing something to help bring about some brotherly love is nice, but often difficult to fit in with everyday life.

Yet today, in one of the most deprived and war-ravaged parts of Africa, 400 men and women are volunteering their services to bring some comfort and just a little bit of joy to the neediest of people.

People for whom everyday life is a potentially deadly struggle — a battle with poverty, disease and violence in a country stripped of every service and utility that we take for granted.

Liberia has endured the most horrific civil war. It has little left but the lingering shadow of death, but somehow the people manage to keep hope alive, believing things must change for the better some day.

They must feel their faith is justified when they see the good ship *Africa Mercy* tie up at the dockside in the capital Monrovia.

Belonging to the British charity Mercy Ships, the *Africa Mercy* — bought by Scots transport tycoon Ann Gloag — has been dispensing medical and community aid there for the past nine months.

People from all around the world, with varying expertise, come and go while the ship is docked, giving what time they can to try to heal those who are much, much less fortunate.

Their efforts won't resolve the colossal problems of Liberia, or any of the other countries the ship visits, but each individual on that vessel can make a difference to another individual living an abject life.

If we all did that in our own way, imagine how the goodwill would spread.

Mulling a move

TODAY WE tell how dozens of homes in Scotland were sold at cut-down prices because of the credit crunch. But not everyone can bag a housing bargain, it seems.

Multi-millionaire couple Ashley and Cheryl Cole — he a Premiership footballer, she a singer and *X Factor* judge — are thought to have tried to buy a deluxe property on Mull for less than the asking price.

Their effort appears to have been in vain but rumour has it they're putting together another offer, determined to buy themselves a little piece of island tranquillity.

And who can blame them?

Living lives constantly in the spotlight, what better way to escape the stress of the metropolis than having your own piece of Scottish heaven?

We wonder what attracted them most — the natural beauty, the wildlife, the friendly locals, the simplicity, the remoteness . . . or have they been watching too much daytime TV and believe they'd be moving to Balamory?

Prudence is long gone, taking our pensions with her

By Ros Altmann

THE Government has finally admitted that our economy is in deep trouble. Gordon Brown's assurances that his policies had abolished "boom and bust" were false.

Sadly we're not well prepared to weather the economic storms and the Government shows no real sign of having understood what caused the crisis.

In fact, the panic measures it has taken are a continuation of the policies that led to our problems in the first place.

Since 1997, UK economic policy has been based on short-term pursuit of growth, boosted by irresponsible borrowing and irresponsible lending.

Spend, spend, spend was the order of the day, while our once strong savings culture has gone. With an ageing population we actually needed more savings, not less. The Government did not put money aside for the future and it's particularly worrying that our pensions have been decimated.

Damage

The credit crisis has caused significant damage to pensions but the problems had been building up for many years.

In 1997 Labour inherited what was considered to be one of the best private pension savings systems in the world.

Since then our company pension funds have crumbled. Most traditional final salary schemes have closed and the alternative money-purchase schemes are far less generous.

One of Gordon Brown's first major policy changes in June 1997 was to remove dividend tax relief, which reduced dividend income for all pension schemes. Estimates suggest this has cost UK pension funds more than £100 billion so far.

That was just the start. Increased regulation and continuing reforms have undermined pensions. It's difficult to avoid the conclusion that this Government has been incompetent on pensions policy.

I've often wondered whether our political leaders actually understand pensions at all, or whether perhaps policy deliberately discouraged saving in order to maximise short-term growth, regardless of the longer-term dangers.

Pensions need a long-term perspective but that's not been on Gordon Brown's policy agenda. The panic measures to shore up the UK banking system are another example of dangerous short-term thinking.



■ Gordon Brown striding purposefully through the streets of New York on his way to an economics forum. His Government's handling of pensions policy has seemed more incompetent than assured.

Ploughing billions into our banks, bailing out Northern Rock savers and giving unlimited protection for retail deposits in an Icelandic bank are all damaging to pensions but the Government has not recognised this. Or perhaps it just doesn't care.

The 100 per cent IceSave rescue — not even a British bank — implies that any UK retail depositor in any bank that fails in future will have to be bailed out by taxpayers, too.

Therefore it's now safer to put your money into a bank account than longer-term investments.

Whereas bank depositors apparently now enjoy a 100 per cent guarantee, long-term savings are at best only 90 per cent safe

under the Financial Services Compensation Scheme or Pension Protection Fund.

Pension contributions do get tax relief but the money is locked up for years and cannot be accessed even in an emergency. Charges must be paid and investments can perform dreadfully, as we have seen.

So why bother with pensions?

Undermining long-term savings is a dangerously short-sighted policy. Looking beyond 2012, demographics show the number of people aged 65 and over growing sharply each year.

The UK's state pension is about the lowest among developed countries, so without good private pensions more and more

pensioners will be at risk of poverty.

When will the Government wake up? We are in this mess because of excessive borrowing and lending at a time when we should actually have been encouraging saving. The solution is not just to keep borrowing without assessing the ability to repay and how to cut costs.

In reality Gordon Brown's policies paid lip service to the mantra of "prudence" and responsible management of public finances, while massively expanding borrowing and public consumption.

Banks, financial services and the public sector have flourished while manufacturing has withered.

Inadequate regulation is also to blame for the crisis. As the Government wanted people to borrow and spend rather than save or invest, the Financial Services Authority — the regulator set up by Gordon Brown — has operated asymmetrically.

Immune

Long-term savings have been hit by over-regulation but lending was barely regulated at all. This so-called "light touch" made it far easier for people to take out a £200,000 loan on a self-certified mortgage they could never repay than to put £20 a month into a pension plan.

However, there's one group that has been completely immune from the problems hitting private pensions — public-sector workers. Their pensions are completely protected and guaranteed by us taxpayers.

Maybe this partly explains the Government's lack of concern for private pension difficulties.

Britain is in a worse position than other countries. The Government failed to ensure the economy grew within its means, failed to control spending and lending and substantially increased the public-sector deficit.

Mounting liabilities have been hidden away off balance-sheet (such as public-sector pensions and Private Finance Initiative) but this borrowing from future taxpayers will have to be repaid and will damage our long-term growth prospects.

The Prime Minister now wants to borrow and spend even more to try to get us out of the crisis caused by his policies.

We've become addicted to debt but we need to cut back now, not borrow more. It's time to find ways of cutting costs and wasteful public spending.

We need canny policymaking to steer us through these difficult times if we want to protect future pensioners.

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