Austrian government imposes cuts in pensions

Right-wing regime ignores mass protests

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In defiance of the largest strike and protest movement in 50 years, the right-wing government of Chancellor Wolfgang Schüssel pushed massive cuts in the pension system through the Austrian parliament on June 18.

At the beginning of May more than half a million protested the planned cuts, and on June 17 over 1 million people took part in demonstrations called by the Austrian Trade Union Alliance (ÖGB).

On June 3, more than 18,000 factories went on strike throughout Austria. Over a quarter million public service employees stopped working. In Vienna alone 367 kindergartens remained closed, as did most of the schools and universities.

Hospitals maintained only emergency service. The doctors on duty displayed stickers and signs expressing their solidarity with those on strike and with the demonstrations. Traffic came to a standstill in the major cities, as it had done in May. Workers from all of the larger industries took part in mass protests.

Following the strike movement at the beginning of May, the government, the opposition parties, the trade unions and representatives of the employers held a so-called “round table” in an attempt to reach a compromise. But the representatives of the opposition and the trade unions were unable to move the government to make any concrete changes. The “reform” remains as anti-social as it was previously, hitting people with lower incomes the hardest.

The main points are the abolition of early retirement and the lowering of pensions. In the future, pension entitlements will be based on the previous 40 years of contributions—incorporating years of low seniority and lower pay—as opposed to the present system, in which pensions are calculated on the basis of the final 15 years of employment.

All of the changes made after the negotiations, which were presented as concessions, were nothing more than cosmetic alterations. For example, losses in benefits arising from the cuts are to be limited to “just” 10 percent. But this applies only to workers presently older than 35. All younger people must expect cuts of up to 20 percent, and possibly even more. Those carrying out heavy work are to be less severely hit by the cuts, but this exception is tied to conditions that can be met by only very few workers.

The Poverty Conference, an alliance of charitable institutions, religious groups and trade union organisations, sharply criticised the pension cuts. Without a guaranteed minimal pension, the planned cuts will lead to poverty among old people. Social researchers warn that the number of pensioners living in poverty, which totals 98,000 today, will rise as a result of the government’s action.

According to the Poverty Conference, one billion euros would be sufficient to close the largest gaps in the social security safety net. In comparison, the purchase of 18 Eurofighter war planes, approved by the government simultaneously with the pension cuts, will cost nearly 2 billion euros.

The government rejected a proposal that pensions below 1,000 euros be exempted from the cuts. Instead, a so-called “hardship fund” was established to provide token support for those receiving the lowest pensions. People drawing these pensions will be allowed to appeal to the Ministry of Social Security to receive a one-time payment as compensation.

There will, however, be no legal entitlement for this payment, which will be tied to a whole set of preconditions. For instance, an applicant will have to prove that he has contributed to the pension fund for 30 years or has been insured for 40 years. For the most part, this excludes women who were out of work while

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they were raising children.

The total budget for the “hardship fund” is 18 million euros. According to one labour organization, if all those eligible applied for compensation and were approved, they would each receive a one-time payment of only 500 euros.

The massive cuts that are being pushed through so hurriedly are only the beginning. According to government plans, the pensions are to be “harmonised” this year. This entails a downward levelling of pensions. The plan includes the raising of the retirement age for state employees to that of private-sector workers, and the lowering of their benefits to accord with those in private industry.

The “harmonisation of pensions” is an old idea of the FPÖ (the right-wing Austrian Freedom Party). It has been taken up not only by the government, but also by the Social Democrats (SPÖ). The chairman of the SPÖ, Alfred Gusenbauer, explained on the television channel ORF: “Securing pensions cannot be separated from the harmonisation of the pension system. If we in the Austrian parliament decide on securing pensions and their harmonisation on the same day, this will be a credible reform.”

Amongst Austrian workers there is intense anger over the attacks on pensions. The news magazine *Profil* quotes a shop steward at the Elin plant in Steiermark who describes the situation of the 2,000 workers as “critical”, with the entire workforce ready to go on strike. The leader of the *Postbus* union, Robert Wurm, even spoke of the possibility of a general strike.

The trade unions themselves are attempting to manoeuvre and limit resistance to symbolic actions at worksites. The top trade union officials, who have close connections to the SPÖ, are taking every opportunity to declare their willingness to collaborate with the government and to put forward their own ideas for pension cuts.

The president of the Austrian Trade Union Alliance has repeatedly stressed that the strike action that has been taken is not directed against the government, but only against some measures taken by Chancellor Schüssel and his ruling coalition, consisting of Schüssel’s ÖVP (Austrian Peoples Party) and the FPÖ. The trade union leaders are looking to end the popular protests as soon as possible.

The ÖGB leadership has declared that the unions will respect a “democratic” decision made by parliament. Fritz Neugebauer, the leader of the conservative public service union (GÖD), who is also vice chairman of the ÖGB, has actually come out in support of the pension “reforms”.

Both the Social Democratic opposition and the unions hoped that mass pressure from below would exacerbate tensions within the coalition and lead to a split on the pensions issue. They were counting on Jörg Haider, the extreme-right demagogue who dominates the FPÖ, to oppose the “reforms” in accordance with his populist stance on certain social questions. But shortly before the vote in parliament, Haider declared that he thought the reforms to be “good on the whole”, and dropped any opposition to the cuts.

There are indications that Haider, in return for supporting the government’s pensions program, obtained an agreement that he be allowed to regain the chairmanship of the FPÖ. This would likely clear the way for Haider to take up a post within the government, possibly that of vice-chancellor, a position currently held by the present chairman of the FPÖ, Herbert Haupt.

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