Major attack on pensions being prepared in Spain

Vicky Short
26 June 2013

Last month, the European Union gave Spain two more years to bring its deficit down to the 3 percent target it has demanded along with the International Monetary Fund and World Bank. In exchange, they told the right-wing Popular Party (PP) government that it had to produce a plan for pension reform by September of this year.

In response, the government has immediately taken another significant step towards the destruction of the public pensions system and its replacement with private pensions.

An Experts Committee of 12 handpicked people was set up by the government with the participation of the opposition Socialist Workers Party (PSOE) and the two main trade unions, the General Workers Union (UGT) and Comisiones Obreras (CC OO), and asked to produce a report on "the sustainability of public pensions in Spain." The report was published on June 7.

Its main recommendations are that pension payments should be revised annually; that they not be linked to inflation as they are at present and instead be linked to the pensions system's costs and revenues; that the initial pension be reduced according to life expectancy; and that the date for the implementation of the increase in the age of retirement from 65 to 67, and other changes agreed between the PSOE government and the unions in 2011, be brought forward several years. The report calls for these pension reforms to be implemented in the 2014-2019 period.

The recommendations of the Experts Committee were approvingly reported by all the main Spanish newspapers.

Prior to the publication of the committee's report, a large number of unofficial studies were published by banks and insurance companies, seeking to demonstrate the "non-sustainability" of the present system of pensions. They stressed the necessity in the future for people to save and take up additional private insurance policies.

One of the reports, produced by the Institute of Fiscal Studies, which is linked to the Ministry of Economy, advocated a 22 to 45 percent cut in pensions. The authors of such reports in many cases included the same people who produced the report for the government. Nobody explains how people on low-paid casual jobs, let alone the 55 percent of unemployed youth or the 27 percent of unemployed adults who are living in near poverty, are supposed to find the money to invest in private pensions, private medicine, private education, etc.

Of the 12 "wise men" comprising the Experts Committee, 7 work for financial and insurance companies including Unespa, Mapfre, Aviva, BBVA. Another is Madrid University professor Víctor Pérez-Díaz, a neo-liberal sociologist who has worked for the PP think tank FAES. The PSOE, UGT and CC OO provided the PP government with a fig leaf for the manoeuvre by participating in the committee.

In one of its last drafts, the report made clear that the government should take advantage of the economic crisis to ram through pension reform, stating, "It is precisely the present economic uncertainty which makes it ideal to introduce the reform to society, even though it must be credible and reasonable…. The sacrifice, on the other hand, is easier to accept in uncertain times than in the midst of the boom."

The participation and the very public support for the committee's recommendations by Miguel Angel Garcia, head of the CC OO's Economic Cabinet, together with the reaction of CC OO president Ignacio Fernández Toxo, led to an internal crisis. Toxo's initial

© World Socialist Web Site

response to complaints from “critics” within the union was to say “it was only a report”. Five days after the publication of the report, the CC OO executive was forced to issue a face-saving statement.

“The leadership of the confederation admits that it committed a mistake by accepting the participation of a person associated with the union in such a profoundly unbalanced committee [referring to the various people linked to the insurance industry],” it said.

However, in the same statement, the union defended the work of García in the Committee as “having contributed to stopping the more extreme reforms proposed.”

The only thing Garcia admits to having influenced is delaying the final year of implementation of the proposals to 2019, because “in my opinion a change such as this requires the necessary time for the population to familiarise themselves with the reform and therefore avoid uncertainties at an already too difficult time.”

That was the sum total of the CC OO’s fight to prevent the “more extreme reforms”.

The trade unions have been deeply involved in the destruction of the public pensions and social welfare for years, under both PSOE and the PP governments. García was one of the main union officials who negotiated the Toledo Pact in 1995 with the PSOE government and the employers, which undertook an “analysis of the social security structural problems and of the main reforms that should be undertaken.” It made 15 recommendations for the “evolution of the pensions system.”

The PSOE and the trade unions are active participants in the conspiracy by the capitalist class to demolish the public pensions system in its entirety and place it in the hands of the elite through its privatisation. This is not limited to pensions. The corporations are baying for the transfer of every aspect of the welfare state into profitable concerns.

The comments of Count Henri de Castries, president and CEO of insurance transnational company AXA, and also president of the elitist Bilderberg Group, are typical of the thinking of the ruling elite. In 2012, he earned €374,670 a month—nearly €4.5 million a year.

In an interview with the newspaper *El País*, he said that the present public pensions, health and education systems are untenable and that there should not be an age of retirement. People should retire when they want, but their pensions should depend on how much they have contributed to the system.

“The state should deregulate, delegate and stop intervening,” he declared. “Because sometimes it is like an elephant in a china shop…the present pensions system is untenable...people live more than 80 years! When the pensions system was introduced by Bismarck in the 19th century the life expectancy of workers was 40 years and their retiring age 65. So the majority of people died before retiring. Does anybody think that those principles can be applied today? We have now people who retire at 60 and live until 95 years old. I don’t think it is viable.”

A person who has worked all his or her life and contributed to the benefit of society has a basic right to a decent standard of living in old age. Moreover, the provision of pensions is a social right rather than an individual responsibility. Article 50 of the Spanish Constitution reads, “The public authorities shall guarantee, through adequate and periodically updated pensions, a sufficient income for citizens in old age.”

The right-wing forces in Spain arguing for an end of the public pensions system attribute the pensions “problem” and its resolution to demographics. This is a fraud. Workers produce societal value that is more than sufficient to pay for decent pensions for all. But this is hoarded by a tiny and fabulously wealthy elite, who are now demanding yet more for themselves at the direct expense of everyone else.

The author also recommends:

Why are retirement pensions under attack?
[17 November 2003]

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site