Kazakhstan’s president signs pension reform bill amid popular opposition

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Late last month Kazakhstan’s president, Nursultan Nazarbayev, signed into law a pension reform bill passed by the country’s bicameral parliament on June 10 with nearly unanimous support. Following the model set by Russia and many European governments in the recent period, the bill is a reactionary attack on the living conditions of the population.

The pension reform scheme, which purportedly aims to offset a projected loss of $19.6 billion worth of potential tax revenue over the next 10 years, increases workers’ monthly contributions from their paychecks to their pensions by 5 percent, raises the women’s retirement age from 58 to 63, and creates a single pension fund under the full control of the Kazakhstan National Bank. These changes are due to come into effect in 2018, a date later than initially planned by the government after widespread protests greeted initial news of the pension reform.

Government officials insist that under the current system men are paying the bulk of money into the pension system, because they have a lower life expectancy (64 years) and higher retirement age than woman. Thus, rather than reducing the male retirement age and implementing measures to raise male life expectancy, the Kazakh government will exact the cost of financing the pension system from women by increasing their retirement age so as to create parity between the pension contributions of male and female workers.

One of the reform bill’s staunchest advocates, National Bank head Grigori Marchenko, whose bank will take charge of the estimated $20 billion in pension funds under the new scheme, sought to garner support for the reform among male workers by whipping up resentment towards their female counterparts. “This is not an injustice to women,” claimed Marchenko. “This can be seen as a restoration of justice in relation to men (...) 45 percent of women’s pensions are a subsidy from men.”

The refrain from officials that there is no money to maintain the current retirement age for women is a lie. Kazakhstan’s population of roughly 18 million sits on nearly 4 billion tons of recoverable oil reserves, 2000 cubic kilometers of natural gas, and enormous deposits of various minerals and metals. The national bourgeoisie, with the help of the global financial elite, has channeled the wealth generated from the country’s resources into its own personal coffers, with disastrous consequences for the population. Kazakhstan is home to five billionaires. The country’s richest 50 people are collectively worth $24 billion, according to *Forbes* magazine. Meanwhile, average monthly household income stands at just $600.

The government has attempted to present the pension reform as a cost-saving measure that will streamline and make more efficient the administration of the country’s pension fund. Currently, 10 private firms manage 80 percent of Kazakhstani pension funds. Officials state that annual service fees on these funds, said to be as high as 26 percent, are too costly and justify an overhaul. In reality, transferring control of the country’s pension fund to the National Bank will create a new source of wealth for the corrupt bureaucrats overseeing the multi-billion dollar reserve.

The broader population will see no benefit. According to research by Kazpotrebnadzor, an Almaty-based consumer-rights watchdog, changing the current pension investment scheme could result in the loss of up to 500,000 jobs over the next few years.

In the months leading up to the passage of the pension legislation, the Minister of Labor and Social Protection, Serik Abdenov, was tasked with convincing the population of the necessity to raise the women's retirement age through a series of town hall meetings across the country. Abdenov could offer no serious justification for the policy change, and his remarks were met with universal derision from attendees. *YouTube* videos of one of Abdenov's preposterous attempts to boondoggle the audience into supporting the reforms went viral and became the flash point for widespread social opposition to the pension reform.

Kazakhstan's brutally repressive government was unable to contain popular anger. In the spring, demonstrations occurred in major cities across the country, with protesters carrying signs mocking Abdenov and demanding a stop to the legislation. At a press conference in the country's largest city, Almaty, the labor minister was pelted with eggs by a protester.

In an effort to ameliorate rising social tensions and create a scapegoat for his policies, President Nazarbayev sacked Abdenov on June 10. Following this, the president sent the draft bill back to parliament, admonishing it for handling the process in a "clumsy" and "unsatisfactory" manner. He then signed essentially the same bill into law less than two weeks later. The only significant change made to the legislation during this period was the postponement of the date on which it would go into effect, which was pushed back to 2018 from 2014.

This experience has added to a wave of disillusionment with the ruling Nur Otan (Fatherland's Ray of Light) Party. In December 2011, a government massacre of striking oil workers also fueled growing social discontent. Last year, parliamentary elections saw the Communist Party of Kazakhstan make gains over Nur Otan, winning seven seats in parliament in 2012 compared to none in 2007. Most recently, sit-down strikes have erupted among Kazakh workers stationed at the offshore oil facility Kashgan, on the Caspian Sea.