Russian finance minister proposes raising retirement age: “The faster, the better”

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Last month, Russian Finance Minister Anton Siluanov declared an urgent need to resolve the issue of raising the pension age, citing the recommendations of “international experts.” Siluanov has suggested various versions of the reform, including a “radical” version that would raise the retirement age for both sexes to 65 on January 1, 2016. The current pension age in Russia is 55 for women and 60 for men.

Siluanov also proposed the elimination of “early pensions”—i.e., pensions provided at younger ages than the usual threshold—for workers in industries with hazardous and/or physically intensive working conditions. This includes those employed in mining, mineral exploration and processing, metal production, chemical production, nuclear energy, and elsewhere.

“The faster we resolve this issue, the better it will be for the economy and the budget,” stated Siluanov.

This is not the first time the Russian Ministry of Finance has floated such a proposal. Siluanov’s predecessor, Aleksey Kudrin, had advocated raising the retirement age since as early as 2008. However, it is the first time that the proposal is for the change to take place within a year.

The Pension Fund of Russia will have a deficit of 623 billion rubles (US$12.5 billion) in 2015. According to Vnesheconombank vice-chair and former Deputy Minister of Economic Development Andrey Klepach, that deficit will double by 2017. The deficit is a result of declining income for the state budget, which itself is a product of falling oil prices and an economic downturn exacerbated by international sanctions against Russia.

Yevsey Gurvich, head of the Economic Expert Group, explained to the newspaper *Kommersant* the limits facing the Russian government when it comes to financial stores set aside in the country’s so-called Reserve Fund: “The size of the Reserve Fund that can be used to compensate the Pension Fund’s deficit is limited, and if income continues to fall while expenses continue to rise, then the Reserve Fund will be enough for two or three years at best. That’s why the most obvious sources for the reduction of expenses are the pension system in general and an increase in the pension age in particular.

“Throughout the world, governments in a similar situation conduct these measures,” Gurvich argued to justify his proposals. “Of course, they’re unpopular. But they are necessary all the same. If there is resistance, then a budget crisis occurs, like in Greece, and then the same measures have to be carried through, but in a hurry, and that makes them even more painful.”

Deputy Prime Minister Olga Golodets opposed Siluanov’s proposal to raise the pension age. Labor Minister Maksim Topilin also criticized the proposal, noting that in western Europe people retire at ages 63-65 and live to be over 80 on average. In contrast, Russians retire at ages 55-60, but live to be only 71 on average.

President Vladimir Putin has similarly attempted to posture as an opponent of the finance ministry’s proposal. Just two days following Siluanov’s announcement, Putin, speaking at the annual Direct Line call-in show, echoed Topilin’s comments and suggested that, if any changes are to made, they should be gradual and not affect those who already receive pensions or will begin receiving them soon.

Putin’s efforts to portray himself as an opponent of policies that have been consistently advanced by his own government appointees is absurd. According to Kudrin, who has retained close ties to the Kremlin since leading office, it was Putin who in February this year proposed looking into raising the retirement age in

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the near term. The question is not whether to raise the retirement age, but when the retirement age can be raised without provoking a major confrontation with the working class.

According to polling agency Levada Center, 79 percent of Russian residents oppose raising the pension age for men, and 81 percent oppose raising it for women. The ostensible conflict within the Russian government between the so-called "economic bloc," those who openly advocate raising the pension age, and the "social bloc," their opponents, is a show aimed at preparing public opinion for a very unpopular policy.

In addition to raising the pension age, Siluanov proposed decreasing government expenses, reducing the proportion of social spending within government expenses, laying off government employees, reducing defense spending, and decreasing subsidies for business, as well as cutting back on previously announced "anti-crisis" measures, namely government-sponsored efforts intended to boost employment.

Pension reforms previously adopted in Russian in 2013 went into effect at the beginning of this year. As the WSWS noted at the time, the reforms include making pensions more dependent on individuals' salary history and length of service; increasing the number of years a person must have worked to receive a pension from 5 to 15 years; increasing the percentage of a person's pension to be financed by his or her own contribution; and providing financial incentives for those who choose to work beyond the official retirement age. These measures both cut the number of people eligible for a pension in Russia and destabilize the pension fund by making it more dependent on individuals' choice to contribute a portion of their salary.

Since the beginning of 2014, funds that would be used to finance the pension system in future years have been diverted to the current pension disbursement system. In other words, future deficits are being prepared as pension funds are deliberately underfunded for the ostensible purpose of keeping up with current benefit payments. This is laying the groundwork for the cuts that the Kremlin wants to impose.

In late April, a group of World Bank experts visited Russia to conduct an analysis of the Russian pension system and, according to a representative from the Russian Central Bank, reform the pension system "in light of best international practices."

Anonymous sources close to the World Bank told the newspaper *Vesti* that the World Bank analysis may enhance "the authority of the Russian government's position on raising the retirement age in Russia." In short, under the cover of recommendations from the international financial agency, the Russian government will insist that it must hike the retirement age and axe pensions.

The Kremlin is systematically working to make the working class bear the burden of the ongoing crisis of Russian capitalism. In this respect, Russia's leaders are no different from their counterparts elsewhere in Europe and across the globe.

The capitalist parties of every country are united in the ruling elites' drive for social austerity. This fact has been most starkly illustrated recently in Greece, where the so-called Coalition of the Radical Left, Syriza, won the January 2015 national election on the basis of anti-austerity appeals. It blatantly repudiated those promises, including on the question of pensions, immediately upon entering office.

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