Brazilian Congress prepares to pass Temer's pension reform

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With the end of the waiting period for the Brazilian deputies and senators to present amendments to President Michel Temer's pension reform on Friday, March 17, the Lower House of the National Congress has scheduled to discuss and vote on the measure by April 6.

For the approval of the pension reform, the government needs a two-thirds majority in two rounds of voting in both houses of the Congress, where it has a majority. Once it is approved by the lower house, Temer's government expects to get the pension reform passed by the Brazilian Senate by mid-year.

One of the main and most polemical measures of the pension reform is the increase of the retirement age from age 55 for women, and 60 for men, to 65 for both sexes. This measure not only disregards the fact that women on average work 7.5 more hours weekly than men, but also the difference in life expectancy in the cities of one of the most unequal countries in the world, which varies from 65 to 78 years old.

The pension reform also increases the minimum contribution period from 15 to 25 years, imposes a 49-year contribution period for retirement with full salary and increases the pension contribution of public workers from 11 to 14 percent. Affecting all workers, it institutes a transitional norm, which makes women above 45 years old and men above 50 years work 50 percent more until their retirement.

A particular category harshly affected by the pension reform are rural workers, whose labor conditions are the most precarious in Brazil, with 30 percent working in temporary crops and 59 percent working informally. For those workers, Temer's pension reform also increases the retirement age from 60 to 65 years old, and creates a contribution of 5 percent.

Brazilian government pension reform also dramatically affects categories with special retirement plans, such as teachers, civil policemen and disabled people, effectively scrapping them. For teachers, the Brazilian university degree category with the lowest wages and 85 percent female, it increases the retirement age from 45 years old for women, and 50 years old for men, to 65 for both, and also increases the contribution period from 25 years for women, and30 years for men to an equal 49 years to qualify for a full retirement wage.

Temer's pension reform was announced amid Brazil's worst ever economic recession. Data released on March 7 by the Brazilian Institute of Geography and Statistics (IBGE) reported an unprecedented second year in a row of falling GDP, and a 10 percent decrease in family income since 2014.

At the end of January, data from the Central Bank had already showed a primary deficit of 156 billions reais ($50.3 billion). It was the greatest primary deficit since 2001 and also followed rising deficits in 2014 and 2015.

The financial markets and their regulatory agencies are welcoming not only the Temer administration's pension reform, but its entire neoliberal agenda. The increasingly clear signs that the Brazilian government is doing everything possible to place the full burden of the economic crisis on the shoulders of the working class led Brazil's credit default swap spreads to drop to their lowest level in two years at the end of February.

Despite the government's majority in the Brazilian Congress, it has launched an aggressive and threatening campaign for the approval of its pension reform. In the beginning of March, the president's party, the PMDB, began an Internet campaign saying, "Without the pension reform, goodbye to Bolsa Família (minimum income assistance for the poorest Brazilian families), FIES (university student loans), new roads and social programs".

At the same time, the Brazilian government started a massive campaign on the TV, radio, Internet and public spaces with the slogan "Reform today to secure tomorrow". It repeated PMDB campaign claims, saying, "the pension benefits may end without the reform," because "there is no money to pay the retirement wages for so long." Ruling the campaign unconstitutional, on March 15 a federal judge ordered its immediate suspension.

The government has relentlessly insisted on the necessity of a pension reform due to the pension deficit and also to Brazil's public deficit. These claims disregard not only the surplus in social security, of which Brazil's pension system is part, but also the fact that almost half of the federal budget is used to pay the corrupt public debt to the international financial institutions.

The threatening tone of Temer's campaign is not only a message to satisfy the financial markets, but also to pressure the Brazilian deputies and senators of the government-allied parties. Many congressmen are reluctant to vote in favor of the pension reform in the face of massive popular opposition to both the government and the pension reform, which may lead them to lose their electoral support in the states.

Until last Friday, March 17, government-allied legislators filed 120 of the 164 amendments to the pension reform, contradicting Temer's desire for the bill to be approved without any changes. These amendments change important measures of the reform, such as the minimum age for retirement and the minimum contribution period, and, according to the government, undermine the reform.

However, this is not the first time that Congress has resisted voting in favor of Temer's austerity reforms. The high point of this conflict occurred at the end of last year, when the congressmen of the government-aligned parties rejected all of the austerity measures included in Temer's fiscal recovery plan for the indebted Brazilian states, which led the government to veto the bill approved by the Congress.

The opportunistic electoral calculations of Temer's congressional allies in both cases are not based on any consideration for the interests of the working class, and there are no grounds for any illusions in parliamentary resistance blocking Temer's reforms.

On the other hand, there is also a growing concern within the Congress and in Temer's own government that its unpopular austerity agenda may cause a popular uprising like the one that erupted in 2013, which may get out of control, threatening both the federal and state governments.

This is the case of Rio de Janeiro, the most indebted state in Brazil, which is increasingly dependent on federal loans to pay its public sector workers. Since last year, it has seen ferocious repression by both state military police and the national security forces against opposition to the austerity measures of Temer and Governor Luiz Carlos Pezão (PMDB).

Last February, when Rio de Janeiro's Legislative Assembly approved the privatization of the lucrative State Water and Sewage Company (CEDAE), the pre-condition for a federal bailout loan, Temer's government sent army and marine troops to Rio de Janeiro to, according to the Defense Minister, Raul Jungman, "free the military police to intervene in the protests against the privatization of CEDAE."

This intervention is only preparation for similar repressive measures nationwide as Temer's austerity reforms unfold.

The demonstrations against the pension reform had already begun on March 15, with protests all over the country. Insofar as the pension reform advances in the Congress and the popular mobilization increases, it will face brutal repression by both the state military police and Temer's armed forces, the only two sections of the public sector workforce exempted from the pension reform.