British ruling elite celebrates falling life expectancy as boon for pension fund deficits

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A recent article in the *Financial Times*, noting that life expectancy had begun to fall, particularly among the elderly, was remarkable for its utter indifference to the possible causes and the adverse implications of what is an unprecedented phenomenon in peacetime, in the absence of epidemics or particularly harsh winters.

It is quite extraordinary. For decades after World War II, it was taken as an article of faith that better health care and improved living conditions would mean a continuing fall in mortality. Now people are dying younger and all the newspaper of the financial elite can do is note the likely benefits to the corporations: a reduction in the pensions deficit!

At the same time, it totally ignores the fact that pension funds represent the deferred wages of millions of workers who have paid into the funds. Neither does it mention that the deficit, estimated at a massive £2 trillion in total—more than the UK's GDP—itself is entirely the product of the financial elite's own avarice, and threatens future and existing retirees with penury.

Pension deficits have risen sharply over the last decade. The deficits of Britain's largest 350 corporations rose 9 percent between March and April to £145 billion, according to pension experts at Mercer. Eight of the top FTSE 100 companies—most notably British Airways owner International Airlines Group—have pension liabilities larger than their equity market value.

The deficits have not risen because the corporations have no money. Quite the contrary. They routinely pay out more in dividends than they contribute to the pension fund. Last year, a survey by Lane Clark & Peacock, the actuarial consultants, found that FTSE 100 companies with "defined benefit" schemes, which offer a guaranteed income in retirement, paid £71 billion in dividends in 2015 compared with £13.3 billion in pension contributions. It calculated that nearly a third of FTSE 100 companies could have cleared their pension deficits in 2015 with the cash they handed to shareholders. The failed high street retail chain BHS paid out hundreds of millions of pounds to Sir Philip Green's family as its pension deficit widened.

So it is not that they cannot afford to wipe out the deficit; they refuse to do so.

The FT article, headlined "Shift in life expectancy promises £310bn cut to pensions deficit," noted that recent changes in mortality rates showed a reduction in a 65-year-old man's projected life expectancy of nearly four months, and that of a 65-year-old woman of nearly six months, compared with estimates made in 2015. Tellingly, the FT called this sharp reduction in life expectancy for older people a "slowing improvement in life expectancy."

According to new estimates by PwC, the global financial consultants, this sharp reduction in life expectancy would have a positive impact on the financial health of the 5,800 UK companies that sponsor "defined benefit" pension schemes, cutting a massive £310 billion from the total £530 billion funding shortfall. PwC estimated that the total liabilities for all occupational pension schemes, which cover about half the working population, are about £2 trillion.

In other words, the FTSE 100 companies due to undertake their triennial valuation process for their pension schemes this year, including GlaxoSmithKline, BT Group, Lloyds Banking Group, Tesco and BAE Systems, can revise their pension obligations downwards and save themselves some money.

Martin McKee, professor of European public health at the London School of Hygiene and Tropical Medicine, and the joint author of several recent papers on the increased mortality rates among the elderly, said "cutbacks in social care and difficulty in accessing healthcare for the elderly" were the most likely explanation for falling life expectancy.

But he added, "The other possibility we need to look at is that these were people who were in the middle of their working ages, particularly in the North of England, during the early 1980s when there was large-scale de-industrialisation, when their health would have been disadvantaged by job loss and dislocation that took place at that time."

Dominic Harrison, the director of public health for Darwin in the North West of England, has written to other councils in the region and to Public Health England, spelling out the situation in his area. He said that the council had seen a "sustained reduction" in life expectancy at 85 years in its area. He pointed out that "Actual sustained cohort reductions in life expectancy such as this are now extremely unusual," adding that this could be the result of government cuts to councils' social care budgets and a lack of capacity in both primary care and the hospitals.

Dr. John Middleton, vice-president of the Faculty of Public Health, said that a decline in life expectancy at any age was a matter of concern and should be investigated, and cited "inadequate social care and inadequate investment in preventive care for vulnerable older people" as a possible explanation.

The fall in life expectancy is not a statistical blip or an accident, meaning unexpected and without cause. The causes are not hard to find.

Local authorities have seen a £3.5 billion cut in their adult social care spending over the past four years, a cut of 8.4 percent in real terms. This follows a sharp fall in the number of people receiving state-funded care in the home or in their community, from around 1.8 million in 2008-09 to 1.3 million in 2012-13, according to figures and a recent survey from the Association of Directors of Adult Social Services.

With hundreds of thousands of vulnerable and mainly elderly people left to suffer pain, hardship and illness, without access to the care they need, this is nothing less than the premeditated murder of British workers by the British ruling class, alongside its killing and maiming of countless workers overseas in the name of its "global war on terror." These workers are simply surplus to requirements.

And the situation is getting worse. Local government spending on social care is set to fall by a further 8.3 percent in real terms between 2015-16 and 2019-20, leading to a growing funding gap within a totally inadequate system of at least £2.8 billion by 2019-20 as public spending on adult social care shrinks to less than 1 percent of GDP.

Doctors and hospitals are struggling to cope as their budgets have shrunk by billions of pounds and their costs have risen, thanks to successive governments' efforts to open up the public health care budget to the private sector. Delayed hospital discharges, because vulnerable patients have no access to care at home or in the community, and the length of time from referral to treatment have been getting longer. A further £26 billion in "efficiency savings" is to be imposed by 2021, making a total of nearly £41 billion over the decade.

These cuts are not the result of popular demand. Far from it. They have been imposed at the behest of the financial elite to pay for the £1 trillion rescue of the banks from financial collapse in 2008, brought on by their own reckless and criminal activities. Those unable to create wealth for them to expropriate are to be left to rot. The result has been to send workers to an early grave and thereby provide further succour to the financial parasites that sit atop of society, by curtailing their pension obligations to working people and their families.

The guiding principle for what passes as "public policy" today by political parties of all stripes is whether it is good, not for the vast majority of the population, but for the "economy," aka the super-rich.