

# UK think tank urges pension cuts to pay for pandemic

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The coronavirus pandemic is being seized on by the ruling elite to implement long-cherished plans to further erode UK pensions—a foretaste of massive austerity to come.

A new report by the Social Market Foundation (SMF) urges the Conservative government to abandon the “triple-lock” mechanism, which afforded pensioners a measure of income protection.

The triple-lock guarantees that state pensions increase each year, either by 2.5 percent, the average growth in wages in Britain, or the percentage growth in prices measured by the consumer price increase—whichever is the highest. Following this measure, pensions rose 3.9 percent in April, shadowing the rise in wages.

Anticipating a deep slump precipitated by global lockdowns, rising unemployment and collapsing wages, the SMF suggests the government replace the triple-lock with a double-lock, eliminating any guarantee of a 2.5 percent annual pension increase.

The SMF is a “top 12” UK think tank. Favoured by former Conservative Prime Minister John Major, it was closely associated with the Blair Labour government’s privatisation of public services. Current board members and policy advisors include Labour MP Dame Margaret Hodge and Stephen Kinnock, along with Tory MPs Tom Tugendhat, Laura Farris and Liberal Democrat Baroness Susan Kramer.

Titled “Intergenerational Fairness in the Coronavirus Economy,” the report by SMF Research Director Scott Corfe is an argument for intergenerational warfare. Those of working age, he writes, “bore the brunt” of the 2008 financial crisis and are now shouldering the cost of the coronavirus pandemic—it is time for old people to “share the sacrifice.”

The current economic lockdown, he complains, is “aimed at saving the lives of those at greatest risk, a

group that is largely (but not exclusively) made up of older people ... As we emerge from the crisis, older generations must uphold their part of the contract by bearing a fair proportion of future tax rises and welfare reforms.”

Unsurprisingly, there is no suggestion that the obscene wealth of the financial oligarchy should be taxed or confiscated to meet urgent social needs. Instead, Corfe forecasts that “Austerity Round Two” is looming to pay for the £370 billion financial bailout in the government’s Emergency Coronavirus Bill—money overwhelmingly funnelled to the banks and financial markets.

The SMF dismisses hopes for a “V-shaped recovery” in favour of the sober outlook of the Organisation for Economic Co-operation and Development (OECD) that “the global economy will potentially suffer for years to come.” Corfe warns of “years of tax rises and spending cuts as we emerge from the crisis.”

Echoing US President Donald Trump’s arguments for a return to work and profit making, Corfe writes, “Some are starting to question whether the cure for coronavirus might be worse than the disease.”

In fact, according to the Office for National Statistics, 93 percent of the population support lockdown measures to contain the pandemic. But governments around the world are hellbent on enforcing a return to work despite the complete absence of mass testing, contact tracing, quarantining or the resources demanded by public health workers to treat the sick and dying.

Corfe writes, “It is deemed crass to put a price on life (or at least to talk about it – the reality is that health care is rationed all the time on the basis of cost and whether treatment is worth it in terms of the perceived ‘value’ of the ‘quality-adjusted life years’ it adds).”

The SMF’s macabre proposals are combined with

lying claims that “We have come together as a nation to protect our elderly and vulnerable.” The cynicism is breath-taking. The toll of the Johnson government’s “herd immunity” policy is over 16,000 dead— the majority aged 65 years and 39 percent in the over-85 age group. Meanwhile, care homes for the aged have become killing fields.

In the midst of immense human suffering, the SMF argues that “Austerity Round Two” must be “shared”—starting with ending the triple lock on pensions, saving the treasury £200 billion over five years.

The UK state pension is the lowest of any OECD country. The full weekly rate of the UK basic state pension is £134.25 a week. Men born after April 1951 and women born after April 1953 get the new state pension, up to a maximum £175.20. The Pension Policy Institute estimates, however, that only 45 percent of pensioners will qualify for the full amount .

Couples fare the worst—the value of their state pensions decreased 20 percent, from 1994/95 to 2017/18.

The triple lock was introduced in 2010 by the Tory/Liberal Democrat coalition government to sugarcoat plans to attack pensions. The government was determined to roll back so-called gold-plated pensions in the public sector, provoking the biggest strikes in the UK for decades.

In December 2011, over 2 million public sector workers, including civil servants, teachers and lecturers in 37 trade unions, launched a 24-hour strike against proposed attacks to pensions. The subsequent climbdown by public sector unions means that public sector workers now work longer and pay more for inferior pensions.

Further inroads into state pensions have included lifting the retirement age. Between 2010 and 2018, the age that women can apply for the state pension was raised to 65 from 60, and in 2020 it was lifted for both men and women to 66, with plans to raise it to 68 by 2039.

The Conservative Party’s 2017 manifesto proposed replacing the pension triple lock with a double lock by 2020, but this was shelved in a deal with the Democratic Unionist Party, after opposition from the Tories substantial pension-aged base.

Commenting on the SMF’s proposals, pensions

expert Ian Browne at wealth management firm Quilter plc said, “[I]t is rightly being brought up again as something that needs to be changed to ensure intergenerational fairness.”

“With the increased borrowing from the government to help pay for the coronavirus lockdown, there has arguably never been a better time politically to replace the triple lock,” Browne commented.

The International Monetary Fund has long pressed the UK to abandon the triple lock and introduce means testing of pensions. An ageing population is viewed under capitalism not as a success story—a product of improved public health under the post war welfare state—but as a non-productive drain on society’s resources away from profits.



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