

Public sector pension attack - brutal class warfare that must be fought

John McNally, national vice-president PCS, personal capacity

The government is attempting to steal £2.8 billion from public sector pensions in Britain. This is a brutal act of class warfare directed against millions of mainly low-paid workers.

Attempting to prosecute it is a tiny ruling elite, who despise the public sector and those who deliver the vital services that bind our communities together.

Propaganda about public sector “gold-plated” pensions and conditions at the expense of everyone else, especially private sector workers, is the ideological ‘justification’ for a state-instigated hate campaign against public sector workers.

PCS members have voted for action alongside three education unions on 30 June. These four unions have three quarters of a million members.

This will be the first major coordinated industrial action against the Tory-led coalition’s cuts and privatisation programme.

PCS members have voted not just for a day of action nor to only defend pensions but for a programme of discontinuous action which will allow the national union to coordinate action to defend jobs, pay and conditions, which are all under attack now.

PCS general secretary Mark Serwotka was quoted in the Mirror saying that the campaign: “will be about sustained action. This government will not turn after one or two days. Members have got to be prepared for that.”

Strategy

This strategy will be a significant element in building for mass coordinated industrial action in the autumn.

The National Association of Head Teachers is the latest union to announce it will also ballot its members about striking over pension cuts. Potentially there could be between three and five million workers striking against the coalition cuts in the autumn.

Pensions are the great unifying factor in the public sector. Every single worker will suffer appalling detriment if the government’s plans are realised, with women being hit disproportionately by these attacks.

The plans are based on the report by anti-union ex-Labour minister John Hutton, a truly despicable creature, awash with lucrative sponsorships for services rendered to corporate interests.

The civil service has operated on an unwritten contract that job security and reasonable pensions, which are deferred wages, were the trade-off for low wages.

The average civil service pension for full service, excluding the tiny percentage of high earners, is £4,200 a year.

Hard-working public sector workers are the victims, not the cause of the economic crisis. We are now being asked to pay again,

with what is effectively a tax on public sector pensions to pay off the deficit caused by the bankers and their system.

Victims, not the cause

The proposals will mean members will be expected to double or treble their contributions (the value of an extra day’s work a month), work until age 68, and accept cuts of 20-50% in the value of pensions.

Our pensions’ value has already been reduced by 15-25% because of the un-agreed re-indexing of pensions and benefits. PCS and other unions have mounted a legal challenge on this.

But the attack is not about dry statistics, it represents a shocking assault on living standards of some of the lowest paid workers in society who are also facing pay freezes, savage assaults on conditions, privatisation and the threat of job losses.

Even the Tories have voiced concern that the changes to contributions will lead to workers simply opting out of the scheme with horrendous implications for the future of pension provision.

This has been cited as part of the reason for Lib Dem treasury minister Danny Alexander’s proposal to taper the increase in pension contributions.

Public sector workers now face a life of low pay followed by an impoverished old age, and they will be expected, as taxpayers, to fund the means-tested benefits necessary to support increasing numbers living below the poverty line.

Poverty

The official poverty line is £170 a week, the state pension is £102 a week; reduced occupational pensions will increase the number of pensioners in poverty - currently 2.5 million. 3.5 million pensioners are in fuel poverty.

In Germany pensions are 70% of average earnings, though set to fall. Even in the USA, for 40 years of work, social security provides 40% of previous earnings.

In France, 12% of GDP is spent on pensions, 10% in Germany, but in Britain, a measly 6%.

The net cost of paying public sector pensions in 2009/10 was a little under £4 billion. The cost of providing tax relief to the 1% who earn more than £150,000 is more than twice as much.

The total cost of providing tax relief to all higher rate taxpayers, on their private pensions, is more than five times as much.

There is an all-out campaign to divide public and private sector workers by claiming that pensions for the former are at the expense of the latter. In reality many households are comprised of people working in both sectors;

● For a newly qualified teacher who goes into the profession at 23, doesn’t take any promotions and retires at 65 on UPS3, the figures suggest that the government’s best offer cuts his/her pension by 40%. Their worst offer cuts it by 52%!

● One PCS member in Swansea was staggered to find he would lose £160,000 under the new arrangements. This is a typical, not extreme, example.

● The average lecturer faces an increase of around £90 a month in exchange for reduced benefits.

the idea that low-paid private sector workers are supportive of the cuts in other family members’ pensions is garbage.

Workers won’t buy the argument there should be an equality of misery.

The removal of decent pension provision throughout the private sector was due to the fact that in the 1980s and 1990s companies took pension ‘holidays’ that left schemes under-funded.

When legislation was introduced to guarantee levels of funding, it increased the rate of pension fund closures as companies were unprepared to fund schemes at shareholders’ expense.

The loss of these schemes did not, during a period of comparative economic boom, save jobs, guarantee pay rises or help to avoid financial meltdown in the private sector. The only beneficiaries were the bosses and shareholders.

Mark Serwotka rightly describes current negotiations with Cabinet Minister Francis Maude as a “farce”. This is confirmed by Danny Alexander’s disgraceful intervention on Friday 17 June, pre-empting negotiations between ministers and unions.

Maude wants the unions to go into sector bargaining without any compromise on the core national issues of increased contributions, cuts in the value of schemes and the rise in the working age.

Maude and Alexander clearly aim to sow division by putting the unions at each other’s throats by fighting over the distribution of the cuts rather than opposing them outright.

PCS adamant

But PCS is adamant that these key principles must be collectively opposed and negotiated on, before sector talks take place.

Already, under the threat of strike action Alexander has announced that workers earning less than £15,000 won’t have any increase in contributions. But this must be confirmed in negotiations.

Those earning less than £18,000 will have their contributions capped at 1.5%. But only 4% of PCS members earn less than £15,000

and across the public sector it is 1%.

And these low-paid workers will still suffer the increased retirement age and all the other aspects of the attack.

Workers earning more than £18,000 could have their contributions raised by up to 5%. The increases will be phased in over three years from next April. This is clearly an attempt to divide the opposition and must be resisted.

Labour

The Labour leader, Ed Miliband, said the government was “hopelessly mismanaging” the pension issue. But Labour also attempted to increase the pension age in 2005 but was thwarted by the threat of coordinated public sector strike action.

Echoing the shameful Labour line that, while the coalition is “cutting too deep and too quickly”, cuts are nevertheless ‘necessary’ and ‘inevitable’, some union leaders signalled concessions upfront.

The coalition government is now trying to tempt them into an unholy alliance against PCS and other unions by isolating the ‘militants’ who, according to Alexander “seem hell bent on premature strike action”.

Ed Balls too is getting in on the act, saying that by striking the unions are walking into a Tory trap. On the contrary, by striking they are merely defending working people’s interests, something Balls and Labour are incapable of.

The position must be unequivocal - no cuts or privatisation. Accepting the need for cuts is the road to division and defeat.

On pensions, we are facing organised theft on a huge scale by a government of millionaires with no mandate. They are waging economic terrorism against the vast majority to increase the obscene wealth of a tiny minority who place profit before people.

We face a defining battle for our movement. Real leadership is required, based on a strategy of no cuts, and no concessions to pension robbery.

We must build the kind of widespread industrial action capable of defeating and bringing down this government.

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Trade Unionist and Socialist Coalition:
Conference of candidates & campaign organisers



Saturday 16th July, 11am-4pm, ULU, Malet Street, WC1E 7HY

Agenda:

● 11am to 1-30pm: TUSC forum

One year of the Con-Dems: what are the prospects now for working class political representation?

An opportunity to discuss how working class political

representation could develop in the age of austerity, including an assessment of the local elections, the position in the trade unions, what is happening in the Labour Party, and where does the Trade Unionist and Socialist Coalition fit in.

● 2-4pm: Developing TUSC into 2012

TUSC has now been in existence for 18 months. As well as reviewing what has been achieved, this session will discuss how TUSC could develop over the next year.

Registration fee £5 waged / £3 unwaged.

See www.tusc.org.uk