



INFORMATION UPDATE #38

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PENSIONS ARE A RIGHT!

For weeks on end the media (especially the *Globe and Mail*) have been running hysterical articles about the crisis in pensions.

It is high time that the discussion of pensions is put on a proper footing. What if pensions were viewed as a social program? What if pensions were viewed as a right and the wealth that is produced in the society is used to insure that everyone in the society is assured the right to a livelihood when they reach retirement age? Then the issue would be one of finding the realized added-value through taxation, not from individuals and small businesses, but from the enterprises that dominate the economy. Social pensions would tie in with the health of the socialized economy.

WHAT IS STOPPING PENSIONS BEING A RIGHT?

Workers' savings plans, whether we call them pension funds or bank savings accounts are seed money for monopoly capital. Workers' savings become money-capital in the hands of the financial oligarchy. The financial oligarchy wants desperately to keep control of the pension issue because it needs workers' savings because the monopoly capitalist system is in constant crisis. Owners of capital certainly do not want pensions to become another social program paid from the pooled added-value of the country gathered as taxation from the corporations. Specifically, they do not want pensions budgeted as an annual expenditure. Owners of capital want pensions to remain an individual issue based in savings of the individual, whether the savings are held collectively or not. Even CPP/QPP is held as a savings fund, manipulated as such, and abused as such. For instance, it is reported that "CPP/QPP is under funded as a savings fund and cannot provide a minimum pension at a Canadian standard of living and certainly could not afford to pay pensions of 70 percent of what workers have claimed during their ten best years."

It now appears that the ruling elite want to channel the energy of the baby boomers who are now retiring en masse into action to sponsor a second level of the Canada and Quebec Pension Plans as a government backed savings plan, as if this will save them in retirement. So we have layer after layer of savings plans, from individual RRSP's, to company plans, to the CPP/QPP, to proposed provincial pension plans(led by B.C. and Alberta with some political forces proposing an Ontario Pension Plan),etc.

WHAT IF PENSIONS WERE VIEWED AS A SOCIAL PROGRAM?

The first thing that would have to be considered if pensions are viewed as a social program is that social pensions would tie in with the health of the socialized economy. Workers would become consciously aware that nation-wrecking such as the shutting down of Stelco (or reducing Hamilton Works to a slab producer and finishing the slabs in the U.S.) or the cratering of the forestry and mining industries means that not enough added-value is being produced to fund social programs and we had better take control of the economy away from the narrow interests of the monopolies or we are going to be in big trouble.

When pensions become a social program, they become an expenditure or investment of government in the human factor in the same manner as any social program. The amount required to pay the pension claims would be known precisely down to the last dollar, as it would become part of the annual budget. If there were a shortfall, workers would demand to know why a country as rich and productive as Canada couldn't meet its social obligations to retirees. Something would be identified as wrong either in the

collection of enough tax revenue from corporations or that the socialized economy was failing to produce enough added-value because of the failure, wrecking and interference of the owners of capital and their monopolies or that governments are spending too much revenue on pay the rich schemes, war and war preparations which together with the claims of the rich for their luxurious lifestyles are sucking dry the available added value.

PENSIONS FOR ALL FROM THE WEALTH CANADIANS CREATE!

What is needed is to have government defined-benefit pensions for all, funded by government claims on the socialized economy. It is unconscionable that someone's retirement income can be left to the whim of the stock market, that people lose retirement income because their company goes bankrupt, that they do not have retirement income, etc. Pensions should be just as much a social program as health care or education. Government revenue originates in the work-time of workers in the goods producing sectors and flows out to all other sectors. That is why the industrial and manufacturing base is so important for all social programs including pensions.

To suggest that pensions come from savings or individual wealth is a myth. Revenue for pension benefits must come from the added-value produced collectively by active workers. Where does revenue come from when a savings plan magically expands? It must come from added-value produced somewhere in the socialized economy. Those savings plans claim added-value to pay for their expansion and to pay for all the service charges going into the pockets of savings plan administrators, which is just another layer of parasites sucking away added-value. Look at the obscene ads for you to put your RRSP money into their coffers. They even call it the RRSP season just before the tax cut off date. The banks and other financial institutions fight with one another over who had the best RRSP season or moan if the season was bad in the same manner the retail stores cry if the Christmas consumer season is bad.

THE PROBLEMS OF THE STELCO PENSION PLAN

We are told that the savings are waiting there ready for our retirement at a level we anticipate, but the reality can be quite different. Just ask the Nortel workers. Much of that saved money is gone. It has been sucked into the whirlpool of the financial oligarchy and consumed. What is left of the funds is fictitious in the sense that it cannot be directly exchanged for commodities. The money in the savings plans becomes money-capital controlled by the financial oligarchy and is distributed and consumed. It must first be claimed back from where it is invested but only a fraction may be there to claim back.

This is accepted as part of the managed risk of the monopoly capitalist system and why financial analysts can casually announce as they did a few weeks ago that the pension plan covering U.S. Steel Canada's Hamilton Stelco workers and retirees last year "lost" nearly \$300 million in value. How could it be lost if it were real? What happened to the \$300 million? Did someone steal it? Did someone throw it into Burlington Bay? As of December 31, 2008 the Hamilton Stelco fund has only 57.7 percent of what it needed to cover its obligations on a solvency basis, down nearly 70 percent in 2007. The funds assets fell by 21 percent to \$1.3 billion. That is well short of the \$2.27 billion needed to cover the pension retirees if U.S. Steel closed Stelco for good. This mirrors funding levels for the typical Canadian registered pension fund, which at the end of 2008 were at about 69 percent of needed amounts. And these are not just empty numbers, as workers at Nortel, Flextronics, Slater Steel and other workers can tell you. They mean real hardship to those who retire and suddenly find pension benefits from their savings plans are worth less than promised.

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