



TRADE UNION ADVISORY COMMITTEE  
TO THE ORGANISATION FOR ECONOMIC  
COOPERATION AND DEVELOPMENT  
COMMISSION SYNDICALE CONSULTATIVE  
AUPRÈS DE L'ORGANISATION DE COOPÉRATION  
ET DE DÉVELOPPEMENT ÉCONOMIQUES

## **Pension security must be central to global recovery and sustainable economic growth, say TUAC's pension experts**

**Paris, 10 July 2009<sup>1</sup>**

On the occasion of the meeting of the TUAC on pensions, trade unions from OECD and emerging economies (including Brazil and South Africa) called for pension security and the right to decent, adequate and predictable pensions to be placed at the heart of economic recovery plans.

Held on 8 July 2009 at the OECD headquarter in Paris, the TUAC meeting “Dealing with pension governance, market & political risks in times of crisis”, aimed to exchange trade union experience on pension reform and management in the context of the current economic crisis and to develop common principles for future trade union action. The meeting included consultations with pension experts from the OECD Secretariat to discuss recent OECD policy recommendations. Several reference documents were circulated for the meeting, including a background paper prepared by the TUAC Secretariat.

For unions, the global crisis has exposed the dangers of unprotected individualised defined contribution (DC) pension schemes, in which most, if not all, the pension risks are borne by workers. The crisis will exacerbate the existing gender pension gap. In contrast, the crisis has highlighted the positive “automatic stabilising” effect of defined benefit (DB) schemes, of PAYG and of tax-financed schemes that protect against market and longevity risks.

The impacts of the financial crisis on pension assets, the economic crisis on liabilities (unemployment, precarious work, wage compression) and government management of the crisis (deterioration in public finance) have all combined to pressurise pension financing to various degrees, be it pay-as-you-go, tax-financed or pre-funded schemes. This, together with longer term concerns about demographic change, has brought pension sustainability back to the top of the political agenda in many industrial countries and emerging economies.

Trade union experts warned against selective or simplistic approaches to reform – focusing on the short term financial costs, while disregarding the benefits for retirees who, by definition, are net consumers, or focusing on individual parameters such as statutory retirement age, while disregarding employment-life contributions. They urged governments to adopt a holistic approach to pension sustainability and the relationship *inter alia* with labour market policies – including tackling unemployment of older workers in the pre-retirement age group – income inequality, and household indebtedness. For unions, the way forward for pension sustainability is to restore wage-based economic growth and government tax bases and to break with the policies of the past: debt-financed consumer spending and access to housing, regressive tax regimes and employment regulation that have squeezed out labour incomes and tax revenues, which are the main sources of pension financing.

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<sup>1</sup> This document is also posted at the following URL : [http://www.tuac.org/en/public/e-docs/00/00/05/19/document\\_news.phtml](http://www.tuac.org/en/public/e-docs/00/00/05/19/document_news.phtml)

While pension systems are country-specific, trade union experts discussed common principles for trade union action on pension reform in the aftermath of the crisis. Among others, pension systems should rely on:

- collective organisation and mutualisation of pension risks as a generic principle;
- robust PAYG or tax-financed public schemes that have universal coverage;
- collective occupational schemes – be it PAYG or pre-funded – that are cost effective and regulated to protect workers against market and longevity risks;
- pension governance structures that give workers the right to representation;
- mainstreaming responsible investment policies by integrating environmental, social and governance (ESG) criteria and through portfolio compositions that contribute to rather than weaken global financial stability.

Looking ahead they asked TUAC to undertake work on pension sustainability in close partnership with the ITUC, the ETUC and its research institute the ETUI, the Global Union Federations, including Public Services International (PSI), which was represented at the meeting, as well as with the Global Unions Committee on Workers' Capital.

Meeting with OECD pension experts, the TUAC delegation chaired by Ellen Nygren from the Swedish confederation LO (list of participants in annex) urged the OECD to make the provision of predictable and secured pensions a policy priority and to refrain from a 'one-size-fits-all' approach. They also welcomed the public release of revised OECD Guidelines on the governance of pension funds, which among others recommend employee representation on the board of pension funds. On that, they called for swift implementation by member states covering all pension entities: private occupational pension schemes, but also government pension reserve funds as they exist in several OECD countries, notably in Japan (GPIF) and in France (FRR).

For further information please contact Pierre Habbard at the TUAC Secretariat

**Annex: list of participants at the TUAC meeting “Dealing with pension governance, market & political risks in times of crisis”, 8 July 2009, Paris**

- Koos BEZUIDENHOUT, Deputy President,  
Federation of Unions of South Africa (FEDUSA), South Africa
- Larry BROWN, National Secretary-Treasurer,  
National Union of Public and General Employees (NUPGE), Canada &  
Public Services International (PSI), Global Unions
- Yves CANÉVET, Secrétaire confédéral,  
Confédération Française Démocratique du Travail (CFDT), France
- Chris DRIESSEN, Head Social Security Department,  
Federation of Dutch Trade Unions (FNV), Netherlands
- Catherine FITTE, Département des Retraites,  
Force Ouvrière (Cgt-FO), France
- Nathalie JONCAS, Responsable des Politiques relatives aux régimes de retraite,  
Confédération des syndicats nationaux (CSN), Québec, Canada
- Dag Bjornar JONSRUD, Head of Division,  
Confederation of Vocational Unions (YS), Norway
- Antonio de LISBOA AMANCIO VALE, Director CUT Brasilia/DF,  
Central Unica dos Trabalhadores (CUT), Brazil
- Henri LOURDELLE, Advisor,  
European Trade Union Confederation (ETUC), European Union
- Ellen NYGREN, Pension officer,  
Swedish Trade Union Confederation (LO-S), Sweden
- Lina PEDERSEN, Advisor,  
Salaried Employees’ & Civil Servants’ Confederation (FTF), Denmark
- Vit SAMEK, Head of the Legal Department  
Czech-Moravian Confederation of Trade Unions (CMKOS), Czech Republic
- Mario E. SANCHEZ RICHTER, Pensions department,  
Confederacion Sindical de Comisiones Obreras (CC.OO), Spain
- Kristine SANDVIK, Senior Adviser,  
Confederation of Vocational Unions (YS), Norway
- Hitoshi TAKEZUME, Section Chief of Welfare Policy Division,  
Japanese Trade Union Confederation (RENGO), Japan

**TUAC Secretariat**

- Bob BALDWIN, Special Advisor, Canada
- Pierre HABBARD, Senior Policy Advisor, TUAC Secretariat
- Roland SCHNEIDER, Senior Policy Adviser, TUAC Secretariat