ROLE OF TRADE UNIONS IN PENSION POLICY

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CONTEXT OF THE DEBATE

- Cutbacks in public schemes
- Promotion of private pensions (financial services industry / employers / international organisations)
- Widely differing national pension arrangements
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ACHIEVEMENTS OF TRADE UNIONS

- Expanding coverage of 2\textsuperscript{nd} pillar
- Avoidance of even higher cutbacks in public schemes
- Avoidance of a major shift from public to private schemes
  (from 1\textsuperscript{st} to 3\textsuperscript{rd} pillar)
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PROSPECTS – MAIN ISSUES

- Sharp increase in the no. of older people / low employment rates among working age population / wage stagnation / increasing pension cost
- Policy focus on public debt reduction / austerity
- Instability of financial markets
- Ongoing pension reform debate
- Continuing pressure for (further) cutbacks in public schemes and for expansion of private schemes
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PROSPECTS – 1st or 2nd pillar

- Do trade unions still favor 1st pillar pensions or are we experiencing a radical change leaning towards occupational pensions as a matter of collective bargaining?

- What about the argument that we cannot afford generous public pensions anymore and, therefore, have to expand complementary pensions? Are complementary pensions less expensive? Are they less risky?
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PROSPECTS – OCCUPATIONAL PENSIONS

- Do industrial relations exist in all countries capable to negotiate / establish occupational pension schemes?
- Which types of occupational pensions do trade unions support?
  - Non-profit / for-profit providers?
  - Providers co-managed by trade unions / without employee’s participation?
  - Quality of products (transparency / risk sharing / guarantee)
  - Redistributive elements / private pension logic
- What about outsiders (non-covered types of employment, unemployed, etc)?
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PROSPECTS – FURTHER QUESTIONS

Regarding funded occupational pension schemes:

- Can we expect that volatility on the financial markets is going to get better or worse?
- What return on investment can be expected over the coming years and decades?

This will largely determine how attractive (or unattractive) funded occupational pensions will be both for individuals and for trade unions.
To a huge extent, both 1st and 2nd pillar pensions depend on the development of employment (quantity and quality of jobs).

“Raising employment levels … is arguably the most effective strategy with which countries can prepare for population ageing”

(EU-Commission, Demography-Report 2008)

Will trade unions succeed in convincing politicians that for achieving adequate and sustainable pensions comprehensive strategies are needed including mobilizing society’s full employment potential?