

Trade unions mobilise citizens' support for referendum against recent pension reform

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Three Croatian trade unions, dissatisfied with the recent pension reform, have collected an impressive number of signatures for a referendum concerning: lowering of the pensionable age for old-age pensions (from 67 to 65), reducing the retirement age for long-term insured persons (from 61 to 60), allowing early retirement at 60 years of age (instead of 62), and reducing the penalties for early retirement.



Description

The government pension reform of December 2018 was briefly described in ESPN Flash Report 2018/69. Trade unions were involved in the working group that prepared the reform, but publicly stated that their role was purely formal. They called for a policy paper as a basis for the reform. They were against increasing the pensionable age from 65 to 67, and against further penalisation of early retirement. In October 2018, they organised a public protest demanding a referendum on this topic and citizens supported this initiative massively.

Three Croatian trade unions (Union of Autonomous Trade Unions of Croatia (SSSH), Independent Croatian Trade Unions (NHS) and Association of Croatian Trade Unions (MHS)) jointly initiated an action to collect signatures in favour of a referendum on amendments to the Pension Insurance Act adopted in December 2018. Signatures were collected from 27 April to 11 May 2019.

Trade unions explained their initiative as follows: "When it was impossible to negotiate the pension reform directly with the government, we organised a protest (20 October 2018). Thousands of citizens supported us, but the authorities once again did not take it seriously. (...) So, there is nothing else to do but try this way - to enable all citizens to have their voice heard and to take part in the decision-making that determines how they will spend their old age."

The referendum question was written in the form of a bill. If the referendum is successful, citizens will, through their

vote, have passed a law containing the following provisions:

- the pensionable age will return to 65, cancelling the increase to 67;
- the early retirement age will return to 60, cancelling the increase to 62;
- long-term insured persons will be entitled to an old-age pension at 60 with a 41-year contributory period, cancelling the increase of the required age to 61;
- the permanent reduction (penalisation) of early retirement pensions will be reduced from 0.3 to 0.2 percent per month for the difference between the pensionable age and early retirement age, lowering the reduction cap for early retirement from 18 to 12 percent;
- the transitional period for application of equal conditions to women and men for entitlement to an old-age pension and early retirement pension will be extended.

For trade unions, the target was to run a campaign and to collect at least 373,568 signatures, i.e. 10% of the whole electorate, and then to have a referendum.

As part of a campaign against the trade unions' initiative, the Ministry of Labour and Pensions organised a conference entitled "Pensions and active ageing" on 26 April 2019 in partnership with the newspaper Večernji List. In addition, the Ministry prepared a short TV broadcast explaining that the pension reform had made the pension system sustainable

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and that the trade unions' demands would lead to lower pensions and HRK 45 billion (€6.1 billion) debt by 2040 for Croatian children and grandchildren.

Opposition parties supported the trade unions. In total, more than 600,000 signatures were collected. After these impressive results were announced, a Government coalition party (HNS) stated that it would be more efficient and less expensive to change the legislation in Parliament rather than to organise a representative of the centre-left opposition party (SDP) asked the Constitutional Court whether this campaign against the referendum was in line with democratic standards. The Court declared that it was legitimate for the Government to inform citizens and broadcast TV spots paid for with public money on the possible impact of trade unions' demands. It added that this did not constitute a violation of the rules of democratic procedure.

Trade unions were not convinced by the figure of HRK 45 billion.

a referendum. They estimated that the referendum would cost HRK 100 million (€13.5 million) and recommended that this money should instead be spent on schools, kindergartens and the building of flats.



Outlook and commentary

The media did not properly cover the trade unions' initiative, and the state media did not provide time and space for an informed debate with the participation of relevant stakeholders. During the campaign, the media did not report the trade unions' criticisms of the second pillar and of the privileged groups of pensioners.

The pension system is not sustainable and trade unions are right when they highlight the need for a comprehensive policy paper to analyse this complex challenge in depth. This policy paper should include an evaluation of the efficiency and impact of the second pillar as a privatised part of the public pension system.

Whatever the case may be, the mobilisation of citizens to sign this initiative and the significant response by citizens are a serious warning to the government to improve social dialogue with all relevant social partners.

Further reading

Konferencija "Mirovina i aktivno starenje" (Conference "Pension and Active Aging"):

<https://www.mrms.hr/konferencija-mirovina-i-aktivno-starenje/>

Pavić: Jačamo drugi stup. Znam da su mirovine male, i moja baka ima 1800 kuna [Pavić: We make the second pillar stronger. I know the pensions are small, and my grandmother has 1800 kuna]:

<https://www.vecernji.hr/vijesti/s-to-reforma-donosi-sadasnjim-i-buducim-umirovljenicima-1315507> (newspaper).

#67 je previše: Prikupili smo više od 600.000 potpisa! [# 67 is too much: We have collected more than 600,000 signatures!]: <http://www.sssh.hr/hr/vise/kampanje-71/67jeprevise-prikupili-smo-vise-od-600.000-potpisa-3805> (trade union web page).

Ustavnom sudu nije dokazano da Vlada s kampanjom grubo krši proceduru [The Constitutional Court has not proved that the campaigning government violated the procedure]:

<https://www.vecernji.hr/vijesti/ustavnom-sudu-nije-dokazano-da-vlada-s-kampanjom-grubo-krsi-proceduru-1318163>, VI. 9.5.2019 (newspaper).

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