

The 400 Million Euro Social Welfare Fraud.

An open letter to TDs & Senators in Ireland
Submitted - 16th December 2010

1. The Government has earmarked €400M for early retirement in the Health Service alone.
2. The age for pension eligibility is to be raised.
3. Social welfare allowances have been cut.

In short, Early Retirement Plans are being subsidised by the most needy and by those below a certain age.

The pension reserve was based on assumptions of mortality, financial investment returns, and employment levels. In the event, financial returns have been lower than many pension funds anticipated at their inception. These poorer returns have been exacerbated over the years by financial irresponsibility and outright fraud. More than 20 years ago it was recognised that pension contributions were inadequate and that those in employment would be subsidising those in receipt of a pension. The situation has not improved with time. Additionally, the natural consequence of the monetarist policies adopted in the West has been an erosion of employment reducing net pension contributions.

Allowing individuals to receive early retirement creates immediate capital expenditure which may never have been necessary. A proportion of the individuals who will benefit from the early retirement scheme would ordinarily have died before reaching pension age. Like it or not, that is the basis on which pensions - and all insurance - work. These early retirement schemes are equivalent to insurance companies awarding compensation payments to selected motorists in anticipation of an accident they might have at some point in the future. It is fiscally and mathematically absurd.

Furthermore, it was well known a long time ago that those who worked until age 65 before retiring had a considerably lower life expectancy than those who retired early. Thus the Early Retirement Schemes not only bring forward expense, they create further expense by allowing these select few to enjoy a greater life expectancy.

Early retirement schemes penalise all those who are not yet of pension age and is a driving factor forcing the raising of the pension age. They are, in simple terms, Social Welfare and Pensions Fraud on a grand scale, perpetrated against the Irish Population at large. Not only are these policies Ageist”, they also violate the European Convention on Human Rights by arbitrarily serving the interests of a select minority against the interests of the Nation. Furthermore, those who benefit are those who have enjoyed the security of long term employment. It is the provision of more comfort for the already comfortable.

Those who will now require to work until a later retirement age can expect to die sooner than they might have done had the pension age remained unaltered. For them it is a policy of deferred murder.

Atheists amongst you may be interested to learn that such behaviour is nowadays given the title “*Matthew Effect*” after a quotation from the Gospel according to Matthew:-

“For to all those who have, more will be given ... but from those who have nothing, even what they have will be taken away.”

If money is to be saved in the Health Service, for example, then the most direct way to achieve savings is to put all the higher salaried non medical staff on short time working. Their hours can be adjusted to enable these individuals to earn the minimum wage.

That would probably be less than one day per week for many of them. Such an approach avoids the immediate costs of lump sum payments and retains the services of these individuals to a sufficient extent that they can be employed to train others to take their place.

If redundancies are required, statutory provisions exist for provision of redundancy payments which do not incur the obligation of a pension. Those made redundant remain on the live employment register as they ought.

However, **IF** there is €400M available for Early Retirement, **THEN** that is €400M which ought to be made available for sustaining the Health Service for those who need its services.

It is logically untenable that a Government whose policies are based on the so-called Free Market, does not revise Public Sector salaries and benefits downwards to reflect falling revenues.

Every Private Sector business has to adjust in some manner such as by short time working, redundancies, moving production to lower cost zones, or going out of business altogether.

There is no job in *any* sector which is worth more than about €80K per annum. Any appointment rated above that level is overrated. Inappropriate job valuations aside, any function valued above €80K can be split into two or more appointments.

This approach represents a zero cost employment generation option. Furthermore, limiting top salaries distributes wealth more evenly across the population which should result in increased real economic activity. Individuals with excessive disposable income tend to hoard their wealth in one form or another. Individuals with a moderate disposable income are inclined to spend the spare cash.

Ireland's universities and colleges are disgorging graduates at a colossal rate. **EITHER** this is a warehousing policy and the qualifications are intellectually meaningless scraps of paper, **OR** there is a ready supply of intelligent, well educated people, any number of whom could carry out the functions of management.

Failure to utilise the capacity of the People of the Nation is the greatest conceivable squandering of resources of which any Government could stand accused.

Employees of many firms have seen their employers go bankrupt and their pension funds disappear. There has never been any meaningful compensation for such unfortunate individuals. Ireland's irresponsible banks have made the country itself go bankrupt. The Public Sector Pensions Reserve is part of the National Bankruptcy. For some reason, the Pensions Reserve seems to be preserved, as though it was immune from the ravages which all those outside the Public Sector must endure.

Are there any TDs or Senators fair minded enough to unite in seeking an immediate injunction halting all Government sponsored early retirement schemes? Such action is justified on the grounds that they are both a Fraud against the Nation and violate the Human Rights Act.

J W Cahill

ADDENDUM:

The numbers may not look very impressive by present standards, but in 2010 Ireland was near the deepest point of recession. About that time, one TD who had been Health Minister was reputed to have received a pension of €150K / annum after a few years in Government. Her main achievements were hospital ward closures.

Democracy: "*Of the People, By the People, For the People.*".... Oh yes??

J W Cahill
30 December 2017