

Uruguayan pension reform to be put to a referendum



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The PIT-CNT, the largest trade union central in Uruguay, seeks to hold a referendum to modify the pension reform, approved last April despite the rejection of the majority of the population, which staged protests and three general strikes when the controversial law was being debated in Parliament.

The central is preparing for the collection of signatures, which must cover 10% of the electoral roll. This process must be completed before April 2024, as established by the deadlines for plebiscites, i.e. six months before the elections.

If the necessary signatures are obtained, the referendum will be held together with the presidential elections of October 2024.

The pension reform, promoted by the government of President Luis Lacalle Pou and which came into force at the beginning of this month, has generated numerous criticisms from a large part of the citizenry and from the opposition Frente Amplio, who describe it as socially inefficient and against the people.

Among the most questioned aspects is that it establishes the gradual increase of the retirement age from

60 to 65 years for both men and women, always with 30 years of contributions to the pension system.

The opposition Frente Amplio has insisted that the retirement age is increased indiscriminately for all activities, when there are many that cause greater wear and tear on workers.

Another concern of society on this topic is that the problem of youth unemployment will be accentuated by slowing down labor replacement. Uruguay is currently the Latin American country with the highest youth unemployment rate. According to studies, six out of every 10 unemployed are under 30 years of age.

Also criticized is the financing of the pension system, which the reform seeks to support only by increasing the working life, without seeking other sources such as contributions from companies or the revision of tax exemptions that benefit certain sectors of the economy.

The obligation to join and contribute to the so-called AFAPs, Private Individual Savings Administrators, is another of the criticisms. Now workers will contribute 10% of their salary to the state Social Security Bank and 5% to the AFAPs.

The initiative of the PIT-CNT has received the support of other organizations which reject the pension reform, which they point out was drawn up without the opinions of the whole social spectrum, and is part of the neo-liberal adjustment of the right wing government.

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