

**Question for written answer E-008817/2012  
to the Commission**

Rule 117

**Karima Delli (Verts/ALE)**

Subject: Promotion of private pension savings by the Commission

In its answer to written question No P-007376/2012, by Karima Delli, the Commission said 'occupational pension funds are typically long term investors and they do not engage in leveraging (borrowing to invest), not least as the IORP Directive outlaws this.'

The Commission implies that pension funds do not have a destabilising effect on the financial markets, since it fails to mention the role played by the privatisation of collective savings in the financialisation of the economy, and the connection between pension funds and investment funds. As the largest institutional investors, pension funds do, however, play a fundamental role when, in exchange for investing in an investment fund or company portfolio, they command short-term rates of return which have nothing to do with the growth capacity of the real economy, thereby leading to the adoption of high yield techniques (including leverage) mentioned in the previous question. The increase in institutional private debt is evidence of this. What does the Commission make of this situation?

The Commission denies encouraging European countries to increase tax expenditure for promoting the development of private pension savings. On the other hand, it recognises that it is working to 'optimise the efficiency and cost-effectiveness of tax and other incentives for private pension saving', which is precisely the same. At a time of reduced public expenditure, why does the Commission continue to encourage tax expenditure which is socially unjust and further unbalances the State budgets?

Finally, it has been established that the development of funded private pension schemes, even without financial manipulation, is not an answer to population ageing, as it is always the case that young working people, through their earnings, pay the pensions of those who have retired, whether by means of direct contributions or by means of deductions from loan repayments or dividends. The true cost of a pension system lies in its administrative costs. Does the Commission agree with this analysis of the situation?