

THE PUBLIC PENSION POINT - A GOVERNMENT BUSINESS

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Abstract

Each of us pays every month a percentage of his/her salary for receiving a public pension after a certain age. As a percentage, this amount of money varies depending of salary. But retirement means a number of pension points. Where is the business? Pension point is determined by the Government as a percent of medium salary. This article aims to make an analysis of pension point as a government business.

Key words: *public pension, pension point, government business, human rights, the right to pension.*

Introduction

This paper brings into question the theme of granting public pensions based on a scoring and the existence of pension point as a great business of any government.

The Pension right represents a very important right for all of us. Throughout the working life we contribute (without the possibility of choice) obligatorily at the constitution of state social insurance budget. Because of this contribution we benefit, at retirement age, sometimes earlier, of a real ownership of pension. This represents a form of respect for human dignity.

Therefore, political decisions must take account respecting the elderly without violate their dignity. Ensuring a decent life, a financial independence of these categories of persons must be an important goal for every government.

Unfortunately, the granting system of public pension based on score and, implicitly, by means of pension points confirms a great injustice. This injustice refers at the fact that pension point value is set at the political level. Therefore, it is at the discretion of any government, because there is no minimum value confirmed by law .Therefore, I decided to analyze this injustice with the hope that it will draw attention on it in order to be removed.

1. Brief considerations on social insurance over time

Industrial development in the late nineteenth century led to the appearance of working employees class in industrial enterprises, which occurred as a result of economic development in most European states. The appearance of working employees class generated new social relations and new risks on the income achievement necessary for support. Simultaneously with these, was increasingly reduced the social role of three generation family agrarian type in ensuring a protection for elderly or sick members and as well as the church's role in providing social protection for the poorest members of society¹.

The appearance of working employees class generated thus, the need to ensure against new risks such as disability risk, the risk of losing working capacity due to an accident at work, maternity risk, the risk of loss of employment, old age risk, the risk of death breadwinner, and so on, generically called social risks . Under these conditions, the social partners, namely **employees and entrepreneurs – employers**, and also the state as guarantor, **have agreed to establish a social insurance system** in which the social partners have to pay social insurance contributions in relation with the salary incomes achieved in the active period, and in the case of appearance of one of the

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¹ Nistor, Ioan - *Romanian public pension system - between reform, social equity and financial sustainability. Considerations and recommendations*, article available on the website http://www.aipensie.ro/?page_id=420.

recognized social risks, the insured will benefit of a **replacement income** throughout the period of manifestation of the insured risk, income **that will be calculated relative proportional with the contributions paid in all active period.**²

Public pension thus represents the most important social insurance service and involves ensuring a decent and equitable replacement income for life after retirement due to old age.

At the end of the XIX century (1880-1890), German Chancellor Otto Von Bismarck and his government conceived and proclaimed several laws, of reference, in the field of social insurance. Many of the principles regulated then are valid today, the reason for which Germany is considered the "cradle of European social security" and its system of social insurance and pensions is considered as one of the best and most efficient in the world. His public pension system is "pay as you go" is considering intergenerational solidarity (between generations), which presumes that from the contributions paid by active generations are paid the pensions of the retired generations removed from the activity as a result of old age, the pensions being calculated proportionally with the contributions paid throughout the active period. This system, based on the foregoing principles, is working properly for over 130 years. Currently it works independently and is based on compulsory social insurance contributions 19.10% of monthly salary incomes, compulsory social insurance contributions 19.10% of monthly salary incomes, paid by employers and employees equally, as well as indirect contribution of the state that supports 25% of the cost of public pension payments. The German model of social insurance³ and pensions, was taken over by most European countries, adapted and qualified according to national specificities and concrete social and economic conditions of each state.⁴

In Romania, the social insurance system is forming and developing in the interwar period, after the appearance of National State. Its historical evolution can be divided into three periods, namely: the interwar period, the communist and post-revolutionary or current period.

In the interwar period, appear the first laws of regulation of compulsory social insurance, after the appearance of Nation State. One of the most important social insurance laws of that time was called the Insurance Law of Unification, also called "Ioanitescu Law" from 1933, by which were regulated for the first time, some basic principles namely: the principle of compulsory, the principle of contribution or principle of solidarity and involvement of the state by guaranteeing social insurance system and subsidize public pension fund, if necessary. Public pension system organized on these principles included the state officials and employees of public or private undertakings. For other social categories was encouraged appearance and development of private insurance systems. Thus, in interwar period, in Romania was founded over 100 private insurance companies, many of them being organized on occupational or professional criteria (lawyers, writers, artists, religious representatives and so on). It is noted that agricultural and forest land owners (small farmers and large landowners) and agricultural workers of all categories or small craftsmen in rural area were not included in the public pension system⁵.

With regard to military retirement system, we find **that this was functioning since 1830** under the old Rules of the Soldiers which established "**soldierly Rights of Officers, pensions and**

² NISTOR, IOAN – op.cit. - http://www.aipensie.ro/?page_id=420.

³ We cannot bring here a story recently published in the press, namely that Germany considers that maintenance of many old (some being sick) in hearths is too expensive on its territory. Therefore began to seek solutions to care outside the country, specifically in the territories of the former communist countries of Southeast Europe, where their maintenance is cheaper. How great is the economic interest, to uproot their citizens and to "export" them because they reached the third age, they are for no use to you??? See this: <http://www.mediafax.ro/externe/germania-acuzata-ca-isi-deporteara-pensionarii-in-europa-de-est-si-asia-10414470>

⁴ Ibidem.

⁵ Nistor, Ioan – op.cit. - http://www.aipensie.ro/?page_id=420.

other budget calculations⁶". Therefore, military pensions were not introduced in the public pension system, being considered service pensions, non-contributory and funded from the state budget. Military service pensions were set according to the length of military service, and also the pay owned at the date of withdrawal or transfer to reserve.

The period 1945-1989, corresponding to the period of glory of communism is characterized by modifying from foundations of social insurance system in general and especially the pension system. Thus was legislated the social insurance system and state pension in which were included only employees of enterprises and institutions, as well as the assimilated, namely the beneficiaries of employment contracts. Free Pensions Houses were dissolved and over 100 private Pensions Houses, their funds being abusively taken to the state budget. Also, unemployment benefits and social assistance have not been recognized, being abolished⁷, due to the introduction of the compulsoriness of all people to "get a job".

The reform of state social insurance system began with the adoption of Law 10/1949 by which are introduced new regulations regarding setting up pension funds and their redistribution to the new criteria established by law. Social contributions have been established in the task of state enterprises, institutions and employers (also of State) in general. Social insurance fund management was taken over by the state, through the state budget and pension rights were established on the principle of distribution according to length of service and average salary from last 12 months of activity.⁸

The pension system reform continued through Law no. 27/1966 and then by the Law no. 3/1977, and the adoption of other laws by which were taken in state social insurance system and members handicraft cooperatives, farmers from cooperative system and areas that are not collectivized and independent craftsmen or artists, composers and members of cults etc., thereby integrating in state pension system over 90% of the active population of the country.

Viewed as a whole, this period may be considered a reformist period and a development of state social insurance system, with significant results from this point of view. Thus, the unique system of social protection only managed to include at some point, almost the entire population of the country. Brutal economic reform characterized by the abolition of private property led inevitably to a reform of social insurance system, as brutal and unjust. Brutal economic reform characterized by the abolition of private property led inevitably to a reform of social insurance system just as brutal and unjust⁹. New social class appeared - the working class - was favored by the new social security law. So, all the social costs of the reform were supported by social categories disliked by the new arrangement (peasants, landowners, former industrial owners, former government officials capitalist).

Peasantry (small and large farmers) was the unjustified social category¹⁰. In the process of abolishing private property in land and forced collectivization, the peasants were dispossessed of all goods necessary support¹¹ (land properties, agricultural machinery, animals, etc.) and were left out of the new system of social protection and public pensions a long time. Barely in 1966, by Decree no. 535/1966 was established a retirement home for peasants and a pension fund financed by CAP's determined by a contribution rate of 8% of global production and individual contributions of farmers in areas that were not collectivized, but rights of pension of retired farmers were regulated

⁶ This is one reason why it seems to me a little misplaced the endless discussion on pensions for military and policemen!!!

⁷ Ibidem.

⁸ Ibidem.

⁹ Ibidem.

¹⁰ Ibidem.

¹¹ Moreover, it was also talked about this issue, because many of them were forced to provide "rules" to CAP to have enough to live.

differently, leading to much lower pensions compared to pensions of employees in state undertakings.¹²

A regulation unusual for the time, considered a measure of reform of the state pension system was Law no. 6/1967 concerning the establishment of supplementary pension in 1967, law which became separate chapter in Pension Law nr.27/1966, with effect from 01.01.1967 and held on in Law no. 3/1977 also as a separate chapter is in effect until March 31, 2001.¹³

This regulation concerning supplementary pension had all the characteristics of mandatory pensions managed private today (current Pillar II) except that the funds made up of mandatory contributions retained to all employees and their incorporates were stored at Romanian National Bank or C.E.C., being the interest carrier. Supplementary pension is granted separately from the state pension, based on the number of years of contribution to the supplementary pension fund and the average salary which constituted the basis for calculating the state pension. The contribution to supplementary pension was paid by employees and their incorporates in 1967-2001 period and the social insurance contribution for public pensions (CAS) was paid entirely by employers (companies, institutions, private employers and so on). Individual contribution for supplementary pension was fixed by law at the rate of 2% (optional 4%) between 1967-1986 and then 3% between 1986-1998 and 5% between 1998-2001, compared to the monthly salary of framing and to permanent increases. These individual contributions, stored National Bank of Romania then at CEC or at banks were interest accrues and from the total amounts accumulated were paid the adequate supplementary pensions. It can be assumed that this additional pension fund had a surplus important considering the large number of employees – contributors and their assimilated ones, comparatively with the number of pensioner – beneficiaries of supplementary pensions. These funds were subsequently "confiscated" from the state budget in 1998 by Government Ordinance nr.31/1998. According to art. 2 paragraph 2 of this act, *"The revenue budget for supplementary pension funds managed by institutions from national defense, public order and national security, as established by the regulations in force are state revenues."* It should be noted that neither on this occasion nor before or after this date was ever presented a balance sheet or public information about the funds accumulated from individual contributions (private) retained to all employees and their included ones and from interest income, or how to spend these funds.¹⁴

In early 1990 the Romanian public pension system was regulated by Law no. 3/1977 standard retirement age of 62 for men and 57 years for women, the opening pension rights being conditioned by a minimum length of 10 years . At the same time, the retirement age upon request (in advance) was 60 years for men and 55 for women, conditioned by the achievement of full length of 30 years for men and 25 years for women. Pension rights were determined as a percentage from average tariff wages calculated from five consecutive years, chosen from the last decade of activity. The worth percentage was differentiated by the size of average salary from the last five years elected, and also depending of group work experience. For the lowest average wage, equal to minimum wage, the percentage for granting the pension was the highest, namely 75% in the case of group III, 80% in the case of group II and 85% in the case of group I, and for the highest average salary, the percentage of granting the pensions was the lowest, namely 54% for the group III, 56% for group II and 58% for group I. The retirement before reaching the standard age provided by law was achieved only in the case of employees from higher work groups, the number of beneficiaries being small because of the small number of jobs. Before reaching standard retirement age provided by law only to be achieved if employees work from superior groups, the number of beneficiaries being small due to the small number of jobs appointed in superior groups. According to statistics, in 1989 were recognized approximately 300,000 jobs in special conditions (Group I and Group II labor) jobs that

¹² NISTOR, IOAN- op.cit.- http://www.aipensie.ro/?page_id=420

¹³ Ibidem.

¹⁴ Ibidem.

allowed to those employees to benefit of a retirement age reduction with up to 12 years. Also, the total number of taxpayers employees was more than 8.3 million persons, and the total number of pensioners was about 2.5 million people (employees and pensioners ratio being about 3.4 of employees to one pensioner). Social insurance contribution (CAS) required by law was 15% of salary fund, with its payment obligation by the employer. Employees were required to pay for additional pension contribution of 3% and 5% of monthly income (consisting of tariff wage of framing and increases regulated by the remunerate law). Contributions for supplementary pension was retained by employers and then transferred into an account opened at CEC or other banks being bear of interest.¹⁵

Pensions established under Law no. 3/1977 (basic pension and supplementary pension) together accounted for about 70% of monthly income had on the retirement date.

2. Pension rights - a way of ensuring respect for human dignity

Pensions are the most important social insurance benefits provided under the public system. Any type of pension is granted at the request of the person entitled, the mandatory appointed by it with special proxy, guardian or custodian of its.¹⁶

It can therefore be said that due to contributions paid by each person employed throughout his active life, **pension becomes a won right.** Thus, citizens exercise a ownership right over pension and over the right of pension. Also, **pension, as a law itself and as part of private property, represents a claim that the state is obliged to pay and protect it**¹⁷. From this perspective, the pension amount is considered that cannot be changed in a negative way, because it is a won right. Even in field of criminal law, exists the principle of the more favorable criminal law, therefore, much more, in determining the amount of pension of a person, when making a recalculation it will be kept the pension more favorable (with the highest amount). It is natural to be so because it is proper that the society to thank so to those who contributed in their own way, at the society development.

At the same time, in compliance with Resolution no. 3137/XXVIII from 1973 (Romania was a member the United Nations at that time.), the state's obligation was to ensure the elderly, on the one hand, a decent pension - which ensure their financial independence and a decent life, and on the other hand, to ensure job opportunities according to their needs with discouraging discriminatory policies and measures. However, they recommend that when developing national policies and programs take into account the following principles:

- To develop programs for the welfare, health and protection of the elderly, including measures that ensure their full economic independence and social integration;
- Develop social security measures to ensure sufficient income;
- To reinforce the contribution of older people at economic and social development;
- To discourage discriminatory attitudes, policies and measures based exclusively on age that exists in practice in employment;
- Encourage cooperation agreements on social security in favor of the elderly;
- To encourage the creation of employment opportunities for older people according to their needs

Between July 26 and August 6, 1982, in Vienna was held World Assembly specifically dedicated to elderly and convened with the aim to form a stand to launch a program of international action to ensure economic security for the elderly and social development in their country. This is

¹⁵ NISTOR, IOAN- op.cit.- http://www.aipensie.ro/?page_id=420.

¹⁶ http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/pensions;jsessionid=003C8E1F7316AF28E0EE1A07BB40C684_

¹⁷ <http://www.facias.org/documente/Petitie%20ONG%20Romania%20-%20abuzurile%20guvernului%20Boc.pdf>

because the Assembly considered that the number of these people will increase dramatically over the next 20 years¹⁸, but these people are precious human resources both in economic and social field and in the transmission of cultural heritage.¹⁹

These measures are designed to promote and ensure **respect for the dignity of older people** because their brutal removal from labor system and the disregard of their creative capacities on the grounds of age, have disastrous effects on society as a whole.

3. Contemporary regulations of pensions. Introduction based on pension points

3.1. The pressure of "the street" ...

The 1990 was essentially a year of "street pressure". It was a year in which people - freed from the yoke of communism - have considered exit in the streets represents the best way to solve problems. They got up and fell governments, public order was "restored" not by police but miners - for example, "the authority of" authorities depended on who and what comes out in the street ...

Therefore, nothing was found shifted when they were issued, even in pension legislation without financial impact studies, opportunity or legal advice. These documents created, some still create legal effects inconsistent with temporal moment. Thus is, for example, controversial **Government Decision No 267/14.03.1990** by which was established retirement age of **45 years from mining personnel**, who subsequently applied to other industrial companies (such Sometra SA Copsa Mica). Although the Government Decision no. 267/1990 **WAS NOT PUBLISHED** in Official Gazette of Romania to receive official character (it was published only in the Government Information Bulletin No. 9 of 01.10.1991 (so over about 11 months from the date of issue) has produced important legal effects since 03/14/1990 (date of issue) for over 10 years. It was then taken into another form of regulation by the Law no. 19/2000 and applied along with it starting on April 1, 2001. So this Government Decision **never published in Official Gazette** produce ever actually legal effects and now because the provisions on retirement age set by the Government no. 267/1990 are set out in Law no. 263/2010 and shall apply from the date January 1, 2011. In addition to the effect of reduced retirement age, HG 267/1990 also influenced the size of pensions for some employees retired after 01.04.2001 under Law no effect. 19/2000. It also created inequities between members of the same categories of policyholders, respectively mining personnel in the sense that in the recalculation of all pensions determined before 1 April 2001 pensioners from mining before publication date HG no. 267/90, 14.3.1990 respectively, received smaller pensions recalculated by about 30% compared to their peers who retired after 14.03.1990 and obvious to those who retired after 01.04.2001²⁰.

Another famous normative act was *Order no. 50/1990 for the specification of jobs, activities and professional categories with special conditions are fitting in Groups I and II of work for retirement* issued by the National Commission for Work Protection, by which have been reframed, over 2.5 million jobs in normal conditions (grade III of work) in special conditions (groups I and II of work). In this way, a lot of employees who knew that they worked under normal conditions (working group III suddenly) found that they can become pensioners for the limited age and that they benefit of reducing the retirement age up to 12 years, motivated by the fact that their job was reframed in Group I or group II of work and was retroactively recognized such as from 1969²¹. These normative

¹⁸ From 1982 until now (2013), the elderly population has increased dramatically indeed, fact evidenced by current statistics.

¹⁹ Ionel Cloșcă, Ion Suceavă, *Human Rights Treaty*, Europa Nova Publishing House, Bucharest, 2003, p. 201.

²⁰ See Nistor, Ioan- op.cit. - http://www.aipensie.ro/?page_id=420.

²¹ In these circumstances, to obtain demonstrative certificates of occupation s jobs reclassified into higher labor groups were given real fight, but they exercised "pressure" of any kind directly or indirectly to the employer or liquidators empowered to issue and certificates. Sometimes were found documents contradictory (for instance the

acts achieved, paradoxically and a discrediting of real activity carried out under special conditions (heavy, harmful, toxic, etc.) by opening the possibility to take advantage of employment in superior groups of work for some employees whose work does not had nothing to do with what the law calls "special conditions".²²

The duplication of the number of pensioners in the period 1990-2000 have contributed other normative acts, some with limited application term, as Law-Decree 60/07.02.1990 which allowed the retirement of men at the age of 55 years and retirement of women at the age of 50 years, with ridiculous justifications as a "*collective work agreement because the employee concerned low-yield activities*".²³

All these normative acts, and other similar, all with reparatory character, but often without that reparation to be needed, have contributed to the transformation of the public pension system into a false social security system, unfairly and without real financial support.

3.2. Introduction of public pension based on pension points

The Romanian Constitution from 1965, art. 20, established the right of citizens to material security for old age, illness or disability. Under this Article, the right to material security for workers and clerks through pension and sickness benefits provided under the state social insurance system, and for members of cooperative organizations or other community organizations, trough insurance forms organized by it.

In applying this constitutional provision was adopted Law no. 3/1977 on social insurance pensions and social assistance. According to this law, the State guarantees every citizen, regardless of gender or nationality, the right to a pension based on the contribution to society.

The pension is determined in relation to the quantity, quality and social importance of the work submitted, being provided the principle of achieving an equitable report between income from salary and pension.

The criteria for distinguishing the pension level were formed by the length in work, the salary had and the group of work.

If initially Law. 3/1977 provided the method of calculation, in terms of salary criterion, as an average monthly tariff wages, through modifications made after 1990 was foreseen as a calculation basis for this criterion, the average salary for a period of 5 years, elected by retirees in the last 10 years of activity²⁴.

The necessary funds for the payment of pensions consisted in contributions paid by units and amounts allocated for this purpose from the state budget. Employed persons contribute 2-4% from monthly tariff for the additional pension contribution. By law, pension **right was imprescriptible and pension was not taxable**.

The pension right, at the time in which the conditions were met, was materialized through "Decision" in which was quantified the proper monthly amount under this law.

The law no. 3/1977 was correct one - but that because was not adapted to the new financial and economic conditions (inflation, unemployment, changing labor laws and wages etc.), led to flagrant inequities.

In these circumstances, the retired general situation has deteriorated continuously, that is why in 2000 the real average pension has come to represent less than 50% of the real average pension in 1989.

workbook was written the quality of legal counsellor and on the certificate was written that most of the activity took place in an industrial building (sic), reason why so many of these certificates were rejected by officials pension funding in determining pensions, but they were later reconfirmed by the court and then recovered, which encouraged the process of issuing such certificates below. View and some John-op. - [Http://www.aipensie.ro/?page_id=420](http://www.aipensie.ro/?page_id=420).

²² See Nistor, Ioan- op.cit.- http://www.aipensie.ro/?page_id=420.

²³ Ibidem.

²⁴ Băjan, Doru - *about entitlement to public pension* - item available on the website <http://www.consultingreview.ro/articole/despre-dreptul-la-pensia-publica.html>.

On the other hand, massive restructuring of state enterprises, in fact removing them for sale as "privatization" and closing them because it represents competitors extremely serious even for those who have purchased, meant not crossing to unemployed the workers, but ... the retirement at a reduced age. Under these conditions, there was an unprecedented phenomenon in Romania, namely increasing the number of pensioners at the expense of workers – taxpayers at the social insurances budget. Relationship between employees and pensioners came to be the lowest from the last half century, and governments that have succeeded at the helm of the country did not only increase social insurance contributions from 15% to 30% and those supplementary pensions to 5%.²⁵

However, the incomes at state social insurance budget HAD NOT INCREASED. But was recorded **"one of the most treacherous forms of tax evasion" referred to framing a large number of employees with minimum wage. This form of tax evasion is practiced today and it should be noted that it is almost impossible to refute, since employment contracts by which are established all rights (including salary) and employee obligations, constitute the law of parts.** Therefore, the contributions received dropped dramatically, and the consequences have been seen. They will be more evident when the current minimum wage employees will be pensioners with pension smaller than the current minimum pension²⁶.

Under these conditions the Romanian Parliament adopted Law no. 19/2000 on public pension and social security normative act, which came into force on 01.04.2001. The new law differs substantially from the Law no. 3/1977. The first difference is represented by principles underlying public pension system namely uniqueness, equality, social solidarity, contribution, distribution, autonomy. **The law was based on mandatory contributions and pensions were based on a score for contributions paid throughout the active period.**

The newness it was represented by the way how was established the pension amount, determined by multiplying the annual average score achieved by the insured during the period of contribution with a pension point value in the month of retirement.

The pensions would have been calculated by the method of calculating a score correlated with wages had in the whole period of activity of the insured (employees), with the desire declared to result "equal pension for equal contributions"²⁷.

The contributions were owed by policy holders and their employers, being differentiated in relation to working conditions, rates being approved annually through state social insurance budget law.

Social insurance contributions were finally set to represent 35% of the gross monthly salary for normal working conditions, 40% for special conditions (the former group II) or 45% for special conditions (formerly group I). These were to be paid as follows: 11.66% from monthly income of the employee and the difference up to 35%, 40%, or 45%, as applicable, by the employer, which was required to withhold employees' individual contributions of 11, 66% due and to remit social security budget with the employer contribution payable each month. In this way, for additional pension contribution of 5% was converted to individual contribution and employer's contribution of 11.66% was reduced to 30%, 35% or 40% as appropriate, at 23.32%, 28.32 %, or 33.32% by case.²⁸

4. Pension point - a for any government

According to Law no. 19/2000 and the law in force at this time, Law no. 263/2010 the pension is a performing of social insurance and represents an income replacement for professional income loss due to old age, which is an insured risk.

²⁵ See NISTOR, IOAN- op.cit.- http://www.aipensie.ro/?page_id=420,

²⁶ Ibidem.

²⁷ Nistor, Ioan- op.cit.- http://www.aipensie.ro/?page_id=420,

²⁸ Ibidem.

The pension right, at the time when the conditions were met, was materialized through "retirement decision" that sets the average score achieved. **This score is multiplied by the value of the pension point, resulting a person's pension amount.**

The very introduction of the idea of "pension point" is a form of business for the government, because so, deliberately, it can control the incomes of a category of people about which knows for sure they would have a hard time to even find a job to complete their income.

In its original form, Law no. 19/2000 **provides that a pension point value representing at least 45% of the average gross wage per economy**, forecast for the year and is approved by state social insurance budget law and in the case of a deviation greater than 10% between average gross monthly wage economy achieved compared to the predicted one, it will fallow to recalculate the pension point value based on a new forecast of average gross monthly wage in the economy.

Trough Government Emergency Ordinance no. 41 of 17.04.2000, but changed the art. 80 of Law no. 19/2000, referring to the value of the pension point. **Thus, the order forecasts that the value of a pension point represents NO MORE than 45% of the gross average wage projected used to substantiate the social insurance budget.** How the law was fallowing to be applied in 2001, so by another government because the 2000 was an election year, the amendment passed without being seen by unions or organizations of pensioners. We believe that it was not observed, and not that it was accepted by them, as if they had an interest. In my opinion, successive electoral campaigns that came after a nearly catastrophic governances had more importance for trade unions and also for organizations of pensioners.

This Government ordinance represents a first manifestation of "government businessmen" on the point of pension, because it represents a brutal limitation of pensioners income towards the contribution paid during their working lives. By modifying Article 80 of Law no. 19/2000, the pension could be reduced as much, because it was not estimated any minimum threshold, and the principle of contribution was respected only in what concerns the COMPULSORINESS to pay contributions, but not in the assignation and payment of pension for equal contributions²⁹.

The inequities created in the pension system and due either to incomplete or incorrect provisions of law or of some discrimination among employees from state and private companies, or simply due to populist changes and inobservance of the principle of contribution led to recalculations which are, as far as it can be seen, repeated periodically, as long the governors either needed the votes of elderly people, or want to implement a new "government business" and they need the support of civil society.

Referring to the value of the pension point quantification, according to Law no. 19/2000 but also the current Law no. 263/2010 is up to the state, **losing the touch with the person's contribution at social insurance budget over the working life. The concrete value, the pension amount, thereby becomes dependent on the state's financial resources allocated by the State for this purpose through the Government, which draws up the annual budget bills, but also by the majority of parliament, which approves the annual budget laws.**

Concrete proof of manipulation at the pleasure of parties or alliance being at the governance is the increase or decrease of percentage pension point value from the average gross wage in the economy. So, the value of the pension point was decreased from 37.35% of the average gross wage in December 2004 to 32.9% of the average gross wage in 2005, then to 30% in 2006 and 31.2% in 2007. In 2008, is returned to the coefficient for calculating the pension point 37.5% of the average gross salary expected, due to the occurrence of Law no. 250/2007 which amended again, Article 80 of Law no. 19/2000, in an attempt to reduce the pension point value at the coefficient of 45% of projected gross average wage, as foreseen in the original text of the law. Since 2005, the outgoings with farmer pensions payments, and since 2006, the outgoings with paid short-term benefits (sick

²⁹ Ibidem

leave) were transferred to the State Budget to reduce annual deficits bigger and bigger of the state social insurance budget³⁰.

Law no. 263/2010 regarding unitary public pension system provided in art. 102 that: "*At the date of entry into force of this law, the pension point is 732.8 lei.*"

In other words, although The Romanian Constitution has enshrined equality in rights and about the equal right to a pension, according to the principle of contribution - so often mentioned by actual politicians and stated by Law no. 263/2010 - establishing by law or government decision of the point pension, without any clear justification of the calculation manner, it turned out that practically it exists only on paper! Therefore, we can talk about the principle of contribution??

There is a responsibility of the State which, to ensure the realization of fundamental rights foreseen in constitution, has handy the public and private property that belongs, being the largest landowner in Romania. Financial resources depend only on the ability of the political class in power / govern to administer this estate³¹. Therefore, the taxpayer, although he contributed long at Social Insurance budget, has no control over the money which had been suspended monthly, from the gross wage. **This raises the question: If the pension point should not get ahead of a percentage of max. 45% of the average gross wage in the economy, what it happens to the rest of the money contributed by citizens?**

At an empirical and utopian analysis on the contribution of a citizen with a gross average wage on economy throughout the active period and whose score would be 1, anyone can see that our citizen instead to receive back all his contribution, he only receive 49.59% of that amount. And what happens to the rest of the money???

The answer is clear. From my point of view the principle of contribution theory is unreal, as in fact, is not taken into account the value of this contribution, as long as there exists a pension point whose amount is set at the **political level**. From my perspective, this way of calculating the pension of citizens, far from be equal in rights is actually an equalization of pension rights. I argue this point of view stating that the pension point is established in the same way for all of us, without taking into account the value of labor, how necessary is it to the society. The only issue considered is the one of "working conditions". But, as I said above, even in these circumstances, the right taxpayer citizen is stung, being lacked with more than half of the money with which he contributed to social insurance budget.

5. Instead of conclusions ...

Pension system and, generally, social insurance system in general, needs to take a share of reform. This reform does not mean political decisions without cover in real life. **It must, in my opinion, to target a direct link between the contribution that each active person submits along life and his pension.**

The principle of contribution, which is still spoken, is a very important principle, but in the same time is one that gives the measure of fairness and equality in the rights of determining the pension citizens who worked for 35 years or, according to the "special conditions" of less work.

We appreciate that a well done law must attach the pension amount to a salary amount which a person had during the activity. It will be argued that it is not possible, because from social contributions it is paid other activities, such as tickets free treatment. However, going all the way up of our analysis, it can be easily found that free tickets treatment. or "social" tickets is not received by all pensioners, but only those whose pension has a certain amount and which still have the power to raise these tickets.

³⁰ Ibidem

³¹ Băjan, Doru - *About entitlement to public* - article available on the website <http://www.consultingreview.ro/articole/despre-dreptul-la-pensia-publica.html>.

It is impossible not to think in which way is going more than 50% of the contribution that each of us work and pay every month in the hope that when reaching old age, we can live without worrying about tomorrow, **but especially without worrying that a government more or less irresponsible will think primarily in its own interest and not its citizens, without which no country could not exist, or there are too many pensioners in the country, or that they live too long.**

In the spirit of respect the Resolution no. 3137/XXVIII from 1973 (Romania was a member the United Nations at that time.), **the state's obligation is to ensure the elderly, on the one hand, a decent pension - which ensure their financial independence and a decent life, and on the other hand, job opportunities according to their needs discouraging discriminatory policies and measures.**

Clearly, these measures are designed to promote and **ensure respect for the elder's dignity**, because their brutal removal from labor system and the disregard their creative capacities on the grounds of age, have disastrous effects on society as a whole.

This is why I think that as the young generations and national trade union organizations should be more involved in knowing the pension legislation, since the passing of time, all of us get at the third age. The acceptance of "black" work " as an acceptance by a large percentage of employees of a minimum wage can only create an imbalance in the state social insurance budget, whose consequences extend over time increasingly longer.

In addition to these business "impulses" of any party or alliance who comes to power and who cares about more of his own pocket than citizens. This explains not only introducing the idea of the pension point, but even "juggling" with its value, without thinking about someone and the effects that these "juggling" have on the lives of millions of people who have no other fault than that they live under one government or another ...

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