



Weekly Briefing

North Macedonia social briefing:
Retirees Protest Low Retirement Checks and Demand Better
Pensions
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Retirees Protest Low Retirement Checks and Demand Better Pensions

Summary

Throughout August, numerous protests were held nationwide by retirees advocating for improved pensions. The initial wave of pensioners' demonstrations originated in the city of Prilep, where discontented retirees called for a linear pension hike of 3,500 denars, as opposed to the stipulated 6 percent increase announced for the autumn. Subsequently, in Tetovo and Sveti Nikole, dozens of pensioners echoed these demands in their protests. As the second week of August unfolded, rallies spread to Shtip, Kočani, Kumanovo, Veles, and the capital, Skopje. The pinnacle of these protests was a pensioners' gathering on August 14th in Skopje. The Government and institutions responded by dismissing the pleas of the pensioners, asserting that their demands couldn't be met due to the limitations of the pension system. This response has laid the groundwork for possible future protests.

Starting in 1991, the Republic of Macedonia initiated the creation of an autonomous pension and disability insurance system through the establishment of the Pension and Disability Insurance Fund of Macedonia (PIOM). After the reforms introduced in 2000, the pension system expanded to include not only the state-owned and managed PIOM but also incorporated private pension funds. Consequently, the existing system now comprises three pillars. Pillar 1 is known as the Statutory Pension Scheme. It consists of mandatory insurance, which is paid out to PIOM, and it is generated through the principle of generational solidarity - pay as you go (PAYG), providing earnings-related benefits based on the length of working service. The primary portion of PIOM's income originates from contributions made from wages. Nonetheless, a significant portion also stems from budget allocations transferred from the nation's central fiscal budget. This supplementary reliance places an extra burden on the budget deficit and adversely affects the funding of other fiscal outlays.¹ Transfers from the central budget to the Fund have grown steadily over time: in 1994, they amounted to 2% of GDP, in

¹Gjorgjioska, M.A. (2021). North Macedonia social briefing: The Macedonian pension system: trends and challenges to sustainability, available at https://china-cee.eu/wp-content/uploads/2021/07/2021s06_North-Macedonia.pdf accessed on 14.08.2023, China-CEES Institute, Vol. 41, No. 3 (MK)

2004 they reached 3% of GDP and are likely to increase to 5% by 2040.² As of the conclusion of 2022, Macedonia recorded 572,327 individuals enrolled in mandatory pension and disability insurance. Approximately 96 thousand pensioners are granted pensions up to 13,300 denars, with over 60 thousand individuals receiving up to 16 thousand denars. Furthermore, more than 86 thousand pensioners are awarded pensions up to 22 thousand denars, while 93 thousand citizens receive the highest pensions, surpassing MKD 22 thousand. In June, 2,714 pensioners received a sum of 11,897 denars as their pension amount, whereas a subset of 1,526 beneficiaries with the highest incomes enjoy a monthly pension ranging from 48,000 to nearly 70,000 denars, as per the monthly analyses by PIOM.³

It is in this context of the pension system, that in August, retirees across the country organized many protests to ask for better pensions. It all started in Prilep, where pensioners demanded a fixed pension increase of 3,500 denars (a little over 50 euro). The protests then spread in other cities across the country. The largest protest occurred on August 14th in Skopje, as pensioners from across the nation peacefully rallied in front of the Union of Pensioners' Associations headquarters and the Ministry of Labor and Social Policy. They submitted a list of demands to the authorities and asked them for support and understanding for the request to have a dignified old age. During the protests, the pensioners stated that they are experiencing hunger and struggling to meet fundamental expenses, including electricity payments. In some cases, even affording a bus ticket to attend the protests is beyond their means. Their plea centered on the need for a monthly pension rise of 3,500 denars, equating to approximately 40 thousand denars annually, as well as a call for a minimum pension of 18 thousand denars. These additional funds, they emphasized, would be used for the purchase of essential items like firewood and life-saving medications.⁴ "I receive only 12,800 denars - you can't survive on that amount. Even 3,500 denars extra is insufficient; a raise of at least 5,000 denars is needed. I

² Stojkov, A. (2017). Retiree headaches, *Economy and Business*, year 19, number 233, November 2017, pages 24-27

³ Pensioners protest for dignified pensions, published on 14.08.2023, available at

<https://www.dw.com/mk/penzionerski-bunt-politicarite-ne-izneverija-gladni-sme-nemame-pari-nitu-za-lekovi/a-66526207?maca=maz-rss-maz-all-1489-xml-mrss> accessed on 28.08.2023

⁴ Ibid

struggle through the nights as I'm uncertain where to allocate my money first - whether for electricity, water, or waste disposal," expressed a pensioner at one of the protests.⁵

The participants at the protest leveled accusations that the state has abandoned them, leaving them teetering on the precipice of mere survival. Many are grappling with meager pensions, which have been eroded by inflation. Rallying for unity in their demands, they asserted that no political party is championing their cause – it is a fight for sheer survival. "The politicians who seek our votes have betrayed us. Let them explain how we're supposed to make do with a monthly sum of 12,000 denars. After all, 300,000 voters are pensioners," lamented the retirees, who consider themselves the backbone of the nation. They expressed profound indignation over the glaring contrast between the 78% salary increase for officials and the meager 6 percent uptick in pensions, as initially announced.⁶ The political party "Levica" expressed its support for the protests: "These protests are a reflection of the continuous struggle for social justice of our elderly citizens, who have contributed to the state with years of work, and are currently facing challenges in terms of financial stability and satisfaction of basic human needs," they said.⁷

In response to the protests, Minister of Labor and Social Affairs Trenchevska stated that she will evaluate their demands both within the Ministry of Labor and Social Affairs and during the Government session. However, she holds the belief that the appeal for a uniform increase is unconstitutional. Additionally, she deems the request for a minimum pension of 18,000 denars unfair for pensioners who already receive this amount despite having contributed 35 or 40 years of service. She highlighted that the majority of pensioners receiving the minimum pension of 12,500 denars were workers with limited experience, earning the minimum wage.

⁵ Stanka Trajkova: We have proposals for a minimum pension - we will consider them together with the Ministry of Education and Culture, published on 10.08.2023, available at

<https://press24.mk/stanka-trajkova-imame-predlozi-za-minimalna-penzija-kje-gi-razgledame-zaedno-so-mtsp> accessed on 04.09.2023

⁶ The pensioners protesting in Skopje, published on 14.08.2023, available at

<https://novamakedonija.com.mk/makedonija/penzionerite-na-protest-vo-skopje-kje-baraat-sredba-so-trenchevska/> accessed on 01.09.2023

⁷ The pensioners are not backing down, they are announcing a mass protest in Skopje!, published on 10.08.2023, available at

<https://levica.mk/pres-centar/soopshtenija-reakcii/penzionerite-ne-otstapuvaat-najavuvaat-masoven-protest-vo-skopje/> accessed on 23.08.2023

She noted that these individuals have not fulfilled the requirements comparable to pensioners with 35 or 40 years of service.⁸ "I'm not asserting that the pension is significantly high, but it has grown from 9,000 denars to the current 12,500 denars. The new methodology was designed precisely for this purpose – pensions are intended to be raised biannually, in line with the rising cost of living and the increase in average salaries," stated Trenchevska during the meeting with pensioner representatives.⁹

The juxtaposition of the Macedonian pension system's structural challenges and the recent pensioner protests highlights a critical confluence. The analysis of the pension system's unsustainability, characterized by an imbalance between pension amounts and the economy's ability to finance them, illuminates the underlying drivers of pensioners' grievances. Demographic shifts, labor market dynamics, and economic potential collectively underscore the need for systemic changes to ensure long-term viability. The protests, echoing across the country, are emblematic of the urgency felt by pensioners to address their financial struggles. As they demand increased pensions and assert their dissatisfaction with the existing pension system, their concerns reverberate against the backdrop of a system already strained by fiscal implications and looming deficits. However, the proposed solutions to this predicament are not without their complexities. While pensioners advocate for enhanced financial support, the system's financial constraints underscore the challenge of reconciling their demands with economic realities. The responses from government officials, acknowledging the need to evaluate pensioner appeals, also acknowledge the constitutional and economic limitations of immediate response to the protesters' demands. The analytical nexus between pension system sustainability and pensioner protests underscores the complex interplay of economic, social, and policy factors. Balancing pensioner needs with the financial stability of the pension system calls for nuanced policy decisions. As Macedonia grapples with these intricacies, a holistic approach is imperative—one that not only addresses immediate pensioner concerns but also charts a sustainable course for the future, considering demographic trends, labor dynamics, and broader economic conditions.

⁸ Trenchevska: Minimum pension of 18,000 denars is unfair, linear increase is unconstitutional, published on 14.08.2023, available at

<https://republika.mk/vesti/makedonija/trenchevska-minimalna-penzija-od-18-000-denari-e-nepravdno-linerano-zgolemuwane-e-neustavno/> accessed on 14.09.2023

⁹ Ibid