

# In his own words

In 2004, opposition Shadow Pensions Minister Steve Webb vociferously championed the cause of global pension parity. In 2013, when he has the power to make it happen, Pensions Minister Steve Webb opposes it at every possible opportunity. His own words reveal his dramatic 180° about-face on the issue.

## IN OPPOSITION

### On Cost

“Fairness has a cost. I do not think that the new clause (effecting global uprating) can be objected to on the grounds of cost. The new clause is trying to correct an injustice. Sorting out unfairness does have a cost.”

### On Choice

“The question is moral rather than legal. I do not think that anyone doubts that the Government has the legal right, based on 1955 legislation, not to pay upratings to some countries, but is there a moral claim? The moral claim rests on the fact that we have a contributory pension system. We ask people to make contributions all their life to accrue an entitlement. Why should that accrued entitlement vary according to where they choose to live? Much of the Bill concerns choices, flexibility, and people gaining new sorts of retirement, but the system arbitrarily says that one’s entitlement is greatly reduced if one chooses to live in such places, rather than a few miles down the road. That does not sit well with the idea of a contributory system. I accept that there is not a pot. I accept that it is not like the case of a stakeholder pension, where people have access to a pot of money they can take with them, but why should an accrued entitlement not be treated in the same way? The world has moved on, and people’s lives are much more global. People are more likely to work overseas, and their parents may want to go and live with them in retirement. Should we penalise those who retire overseas to be with their children or should we say, ‘You’ve worked hard and paid hard. It’s your pension take it with our blessing.’?”

### On Rationality

“I am sure that the Committee will be desperate to know that Bermuda and Jamaica are not frozen, but Grenada and St. Kitts and Nevis are. Different Caribbean islands have different rules, which seem crazy.”

### On the Commonwealth

“We are now in an extraordinary situation. British citizens who have paid National Insurance contributions all their life, accrued entitlement to a state pension and committed the misdemeanour, as it were, of moving to Australia, New Zealand or Canada, but not to the United States, do not receive an uprated pension. The British Government is essentially free riding on the welfare states of countries that British citizens are moving to. The pensions of British citizens go down and down in real terms, and they fall into the net of the welfare state in those countries. We are asking other countries’ taxpayers to support our pensioners.”

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## IN POWER

### On Cost

“There would be an increase in economic dead weight if we uprated pensions for people who have already left the country and have no intention of returning. I don’t believe the cost is a priority for the British Government.”

### On Choice


“When people are planning on retiring abroad, the Department issues a DWP40, which explains that pensions are frozen in some countries.” And, “The proportion of pensioners who move abroad at actual pension age is only 2%.”

### On Rationality

“The position has been the same, with successive governments over a matter of decades. The new Pension Bill will continue with that.”

### On the Commonwealth

“If we were to increase state pensions in Canada and Australia, that would be a saving to the Canadian and Australian Exchequer, at a cost to the British taxpayer.”



Pensions Minister Steve Webb masters the flip-flop.