France: Government greets New Year with austerity measures

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French President Jacques Chirac's New Year's address announced that 2003 would see massive "reforms" in nearly all major categories of social spending, including pensions, health care and education.

As with most of the new conservative government's pronouncements, its solemn but banal phrases—"I am certain that it is possible to bring the majority of Frenchmen together"—were contrived to leave workers with the impression that technocratic manipulations would result in an austerity policy that was somehow compatible with their interests.

Press reports indicate nervousness in official circles over the limits placed on governmental initiatives by the weak economy and the difficulty of hiding the significance of the austerity measures from the population, under conditions of rising working class discontent.

Negotiated in late September 2002, Prime Minister Jean Pierre Raffarin's 2003 budget includes substantial cuts in education, infrastructure and cultural outlays. Nevertheless, it is somewhat less draconian than previously discussed budget plans.

The pullback in the severity of cost-cutting was justified on the basis of a grossly over-optimistic projection of national economic growth for 2003. The government's assumption of a 2.5 percent growth rate, which triggered substantial controversy in ruling circles at the time, has been further called into question by the national statistical institute, Insee, which is forecasting a growth rate of 1 to 1.5 percent.

Consumer spending is the principal source of economic growth in France. Business investment, on the other hand, fell slightly during the quarters of 2002 for which figures are currently available. While optimistically counting on future improvements in the world economic climate to encourage French business investment, Insee is concerned that consumers' growing indebtedness and worries about inflation could dampen consumer spending. Raffarin himself recently acknowledged that the 2.5 percent figure was a "voluntarist" one.

The European Union (EU) has already warned France that its budget deficit is in danger of exceeding the limit of 3 percent of GDP imposed on member governments. The EU recently stated that "large-scale reforms" were urgently needed in French civil servants' pension plans. While it did not outline any specific proposals, it noted that there was a "tremendous increase in supply" of older labor. As the French press noted, it issued these statements on the same day that Great Britain increased the retirement age for its civil servants from 60 to 65.

As the government's fiscal problems mount, there are signs of increasing financial difficulties. The government began working in late December on a Financial Security Law, to be passed in early March. It would set up an independent agency charged with overseeing investment and insurance firms, placing restrictions on the activities of investment counselors and barring accountants from acting as consultants. On January 3, the insurance firm CGA (General Insurance Fund) was liquidated, amidst commentary in the press that many firms in the sector are in a state of "precarious financial health."

The basic goals and methods of the Raffarin government have been shown in its reform of Unedic, the unemployment insurance plan. It increased the taxes workers pay to support the plan, increased the taxes the unemployed pay towards their own retirement from 1.2 percent to 3 percent, increased the retirement age for the unemployed from 55 to 57, and decreased the length of coverage for workers over 50 to 36 from 45 months.

It also increased the work requirements for workers to receive "precarious employment" supplements—from working 4 months out of every 18 to working 6 months out of every 22. Medef, the employers' federation, enthusiastically declared its approval. Some unions refused to sign the agreement, but one union, the CFDT, agreed to sign. Under French labor law, this is sufficient to put the plan into effect.

The Raffarin government's health and education "reforms" have been a mixture of major cuts and cosmetic improvements, the latter calculated to head off mass opposition. In national education, the government eliminated roughly 5,000 staff positions and cut hundreds of thousands of youth job contracts, many of which were for teaching assistant positions.

In addition to declaring his support for the partial privatization of health care, Health Minister Jean-François Mattei recently announced his intention to shut down maternity wards in rural areas. New mothers would give birth in regional maternity centers and, if the delivery were normal, be sent back to local, non-specialized health-care facilities seven hours later.

The government views the upcoming reform of the pension system with particular anxiety. The average pension's purchasing power has decreased every year since 1996. The last time a government tried to impose major cuts in the pension system, under Alain Juppé, a wave of mass strikes erupted in the public sector in November-December 1995. The strikes developed outside union control and enjoyed mass popular support, crippling the government and forcing it to retract a portion of its plan.

The upsurge was eventually brought under control, with the help of the official unions and the "left" parties, but Juppé's center-right coalition government went down to defeat in the parliamentary election of June 1997 and was replaced by the Socialist Party-led coalition of Lionel Jospin.

Working class militancy is once again on the rise in France. November and December saw mass demonstrations and strikes in the energy, telecommunications, railway, trucking and education sectors.

Even though the national union confederations have not called any large-scale actions since the December 9 national education demonstration in Paris, workers have responded to the current wave of planned austerity measures and plant closings with strikes and occupations of factories. After the announcement of Mattei's reforms, gynecologists went on strike, demanding a reduction in the planned increase in their malpractice insurance premiums from 9,156 to 16,000 euros. Doctors at ski facilities are also striking for better wages and working conditions.

Workers have occupied the ACT manufacturing plant in Angers, which is to be liquidated. Local shops are providing them with food.

Workers at the Daewoo plant in Mont-Saint-Martin in northeastern France have occupied their factory, which manufactures cathode tubes, and have threatened to dump toxic chemicals into a nearby river if the company refuses to guarantee them higher severance pay and retraining benefits after closing the plant.

The December 11 *prud'homale* elections and the government's reaction indicate how ruling circles will try to defuse working class opposition to its measures. The *prud'hommes* are nonprofessional magistrates who oversee contract disputes in a court system set up according to region and industry. Half of the delegates are nominated by labor unions and elected by workers, and the other half are nominated and voted upon by business owners.

The election was a non-event for broad layers of the working class. The worker abstention rate tied previous records at 67 percent, and the main union confederations' relative positions remained unchanged: the CGT (General Workers' Confederation) received 32.5 percent of the votes cast, the vote for the CFDT (French and Democratic Workers' Confederation) increased slightly to 25.6 percent, and FO (Workers' Power) lost about 2 percent, receiving 18.9 percent.

The government and the conservative newspaper *Le Figaro* responded by declaring a major victory, since the CFDT had come out in favor of pension cuts while FO had refused to participate in any negotiations concerning pension cuts. They announced the government's intention to engage in lengthy negotiations with unions and employers' federations, which they will use to present the outcome as "balanced."

None of the official unions have any intention of waging a serious struggle to protect pensions and social benefits. While FO has noisily criticized pension reform plans—unlike the CFDT, which has declared pension reform, especially in the public sector, to be unavoidable—it is not committed to building a social movement in opposition to the Raffarin government's policies. Indeed, the newspaper *Libération* recently published an account of how FO officials organized secret negotiations with government officials in an attempt to torpedo the truckers' strike of November 24-25.