

Pensions under threat in France

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At the start of the year the Raffarin government began a new attempt to reform the system of pensions in France. This met with massive resistance from workers, while the trade unions have been adapting to the government's agenda.

On February 1, as many as half a million people in over 100 French cities and towns demonstrated to defend their pension rights. Previous to these demonstrations the workers of the state electricity and gas utilities EDF-GDF had already expressed their rejection of plans to reform their pension schemes and to privatise their industries, with a strike of 80 percent of the workforce and massive demonstrations on October 3, 2002.

Then, on January 9, 140,000 EDF-GDF workers voted by 53.4 percent against the list of conclusions pressed upon them by management and the majority of their union leaderships and supported by the Raffarin government. The proposals which the workers rejected involved an increase of more than 50 percent in their pension contributions from 7.85 to 12 percent of their salaries, a de facto 4 percent-plus salary cut. Other changes in the financing of the pensions were proposed to facilitate privatisation.

The following day, January 10, Prime Minister Jean-Pierre Raffarin and his minister of the economy and finance, Francis Mer, declared their intention to ride roughshod over the ballot of the gas and electricity workers and to force the reform of their pension scheme upon them.

Attack in three phases

The government aims to attack the pensions system in three phases:

1. Force the EDF-GDF workers to accept the reform of their pension scheme as a preliminary to the privatisation of their industry.

2. Begin to bring civil service pensions, based on 37.5 years of contributions for entitlement to a full pension, into line with those of the private sector, which lost this advantage in 1993 and which are at present based on 40 years of contributions for this entitlement.

3. Increase the losses incurred due to the reform of 1993 and extend the contributions period to 42 years.

The attack on the EDF-GDF workers has an essential role in undermining the entire system of pensions. If the government and the MEDEF, the main employers' association, manage to break through the special pension scheme of the EDF-GDF and the civil service of 37.5 years of contributions then the

floodgates will be open for an historic deterioration of the living standards of the entire working class.

For the MEDEF, former prime minister Edouard Balladur and many members of the UMP (Union pour un Mouvement Populaire), the right-wing party of the government, Raffarin's plans do not go far enough. They call for 47 years of contributions and criticise the government's proposals for their lack of ambition. They consider the proposals for the EDF-GDF far too generous.

The lengthening of the contribution period can only lead to a lowering of income for the retired. Many already fail to complete it for many reasons: unemployment, sickness, family obligations, fatigue. The average age of retirement in France is 58.5 years. The MEDEF policy of pensions "à la carte" serves to cover up for the real situation where people are obliged to stop work before reaching the required contributions for a full pension.

It has been calculated, based on Ministry of Labour statistics, that an increase of the contribution period to 45 years would reduce pensions by 35 to 50 percent by 2023. These bureaucrats, for whom profitability is the supreme value, see the human conquest of increased longevity not as a triumph of human ingenuity and science, an improvement of the quality of human life—but as a burden, a disadvantage.

The MEDEF wants to remove the responsibility for pensions from the employers. At present they are complaining that the rate of contribution for pensions is 25 percent of the gross salary, of which 10 percent is paid by the employee. This would involve reducing the financing of pensions directly from workers' and employers' contributions (*retraites par répartition*) and the increased recourse to investment funds. Employees would thus be pushed into investing in pension funds, if possible in company shares, as took place at Enron in the US.

Continuous attacks since 1982

In France each employee contributes a percentage of his or her salary, which is supplemented by the employer, into a fund which distributes the pensions to the pensioners. On average the pension is 78 percent of the final salary. There exist mechanisms for balancing the resources according to fluctuations in the rate of employment.

In 1982, in the initial years of the Socialist Party leader François Mitterrand's presidency, a reform brought the age of

retirement down from 65 to 60 in the private sector and reduced the contributions period for entitlement to a full pension to 37.5 years. The bosses have always resented the increased contributions required by the 1982 reform. The MEDEF has threatened to strike payments into the fund which finance the five extra years of pensions.

In 1993 the left, having disappointed its voters with its austerity programme, suffered a crushing electoral defeat and the right came back into power. Right-wing prime minister Edouard Balladur and Simone Veil imposed a counter-reform of the “régime general”, the pension system for the private sector. This involved:

1. Gradual lengthening of the contribution period from 37.5 years back to 40 years (from 150 to 160 quarters) for full entitlement.

2. The basis for the calculation of the pension to go gradually from the 10 best years to the 25 best years, which implies a lower pension since salaries tend to be higher at the end of a career.

3. Pensions raised according to the rise in the price index and no longer on the rise in wages. This contributes to widening the gap between workers still active and pensioners, as well as between retirees from the private sector and those from the public sector, which are still linked to wages. Linked to the price index, the buying power of pensions can at best only stagnate while wages have tended to rise.

Since this time the inequalities between private and public sector pensions, which had been tending to decrease, have increased even more thanks to Alain Juppé’s 1996 reform of complementary pensions (the price paid by the working class because the trade unions and the left parties drew back from forcing him out of office in the 1995 mass strikes against the “Juppé Plan”).

In the textile and garment industries, the average pension is 740.96 euros a month (roughly the same figure in US dollars).

The 1993 and 1996 counter-reforms were hardly contested by the trade unions and the left-wing parties. However, when the Juppé government in the context of an attack on all social security tried to bring the period of pensions contributions of government workers into line with the private sector he was obliged to retreat in the face of the biggest strike movement since May/June 1968.

The Plural Left government that replaced him a year later prepared the way for Raffarin’s new offensive. In 1997, Jospin entrusted to J-M Charpin the preparation of a report recommending the lengthening of the contributions period.

The attack on the French pensions system is part of a worldwide tendency to reduce labour costs, of which pensions form a large element. In the UK the retiring age has just been raised to 65, and a hike to age 70 is planned. In March 2002, Jospin and Chirac approved the document of the meeting of the 15 EU countries in Barcelona, which set the objective of pushing back the effective retirement age—not the legal one—by

five years. Today it is 60 years. This is one of the reasons why Jospin and the parties of the Plural Left were spurned by their electorate the following month in the presidential elections. The MEDEF is delighted to point out that in Finland and the US the legal retirement age is due to rise by two years to 67, by three years in New Zealand and by five years in Japan, Korea, Spain and Italy.

The room for manoeuvre for the French government is limited by the pre-emptive warning issued to France by the European finance ministers on January 21. France runs the risk of overshooting in 2003 the limit on public deficits to 3 percent of GNP, the Maastricht criterion for economic health. This is obliging the government to freeze 4-5 billion euros credit. Law and order and defence, beneficiaries of large budget increases, will be largely sheltered from austerity, which will rather affect the public services.

The role of the trade unions

While the unions have tried hard to keep the massive opposition to the government plans under control by organising token strikes and protests, their efforts to help the government gain acceptance for its reforms is flagrant.

On January 6, without even waiting for the result of the EDF-GDF ballot, the seven main trade union organisations (CFDT, CFTD, CGC, CGT, FO, FSU and UNSA) came to an agreement. A platform on pensions, which called for a demonstration on February 1, mentioned the 40 years of contributions and, consequently, sacrificed the principle of the 37.5 years of contributions current now in the public sector and up to 1993 in the private sector.

During the mass strikes of 1995 against the Juppé Plan, Nicole Notat, then leader of the CFDT, was booed by her own members because of her speeches in favour of reforms. Bernard Thibault was the leader of the railway workers’ CGT union. The railway workers were the vanguard of the strike movement. The CGT congress, held during the strike, voted to officially abandon the aim of “achieving a new society based on the socialisation of the means of production”. This made official a longstanding position, but it showed that the Stalinist bureaucracy of the CGT was abandoning even the semblance of opposition to the capitalist system.

Thibault later replaced Viannet at the head of the CGT.

The CGT has become what *Le Monde* likes to call “the trade union of proposition rather than opposition”. Their role now is openly as a support for French capitalism to impose sacrifices on the working class in the global trade war.



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