French government slashes public spending

Kumaran Ira, Pierre Mabut
14 April 2008

French President Nicolas Sarkozy announced April 4 an austerity budget aimed at reducing the public deficit of €50.3 billion for 2007, accounting for 2.7 percent of GDP. While trying to palm off the public spending cuts as reforms needed for efficient government, everyone (including the right-wing bourgeois press) saw this budget as a turning of the screw on ordinary people's living standards.

Announcing cuts of €7 billion to be realised by 2011, Sarkozy tried to give the impression of having things under control: "It is not savings that make reforms but the reform which permits savings." France takes over the presidency of the European Union in June, and has committed itself to reducing its public deficit to zero by 2012, an unrealisable target without making big inroads into social gains.

France has public spending levels at 53.4 percent of GDP, the highest in the euro zone. A recent meeting of EU finance ministers has backed the call for France to cut its deficit and reform public spending more quickly. The EU Commission is demanding a balanced budget by 2010, while France pushed this date back to 2012. The deficit for the first two months of 2008 alone stands at €22.7 billion euros. Budget Minister Eric Woerth announced April 6 that fresh savings were in the pipeline when the audit for social and health-care spending is completed. This will not be the case before summer.

At present France is lagging behind other European states with a €40 billion trade deficit (a great part of this with Germany) and projected economic growth of 1.5-1.7 percent in 2008 instead of the much vaunted 2.5 percent promised by Sarkozy on taking office nine months ago. The international finance crisis and rise in the value of the euro have put paid to Sarkozy's prediction. Therefore another meeting is fixed for the Modernising Council for Public Policy in May in order to deepen the necessary cuts in the budget.

Prime Minister François Fillon made it clear that "France is bankrupt" some months back. These measures therefore only highlight the problems of French capitalism trying to confront global competition over the past period. The effects on France of the global recession forecast for 2008-2009 have yet to be factored in.

The list of the present cuts (numbering 166) are therefore just a glimpse of things to come. Among the measures are 35,000 job cuts in the government sector (one in two of retiring state employees will not be replaced from 2009) and half of the payroll savings to be redistributed to the remaining state employees.

Relatively well paid workers in rented low-cost municipal housing (HLM) will see their ceiling on earnings lowered by 10 percent in the calculation of their rent payments, leading to rent hikes. The aim is to reduce from 70 percent to 60 percent the number of households occupying controlled rented accommodations, thus forcing sections of the lower middle class into the private sector and pauperisation. All existing financial measures allowing workers to take state aided early retirement are eliminated.

A strict limit will be imposed on those seeking financial aid to get into work through the RSA policy (Active Solidarity Revenu) intoduced by High Commissioner for Active Solidarity, Martin Hirsch. Until now he has been used by the government as a humanitarian cover for Sarkozy's neo-liberal agenda. Hirsch was recruited from his post as director of the Emmaüs charity foundation to take the role of forcing the poor to find a job instead of living on the minimum social welfare payment of €447 a month. The RSA was to have cost €2- 3 billion to implement, but now looks set to be abandoned as a result of "calibrating" terms of what is affordable.

Hirsch has reacted forcefully, saying: "I came with a project, the fruit of a collective effort with trade unions,

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heads of local associations, social partners [employers], elected members of both right and left political parties; I am the project's guardian , the line is clear.... If the RSA is abandoned" then everything else to alleviate poverty "will be unbalanced." Prime Minister Fillon said the project was not "buried," but was for the moment "too costly."

A witch-hunt against social security fraud, savings in hospital costs and so-called taxes designated to help the environment are also part of the austerity package. "No ministry will be exempted from the necessity of reform," declared Sarkozy. The education ministry has already said that 11,200 teaching posts must be eliminated in September 2008. Sarkozy did not mention the contententious issue, which has already brought tens of thousands of high school students and teachers onto the streets in ever increasing numbers in the past week.

Socialist Party leader François Hollande reacted by saying that "Nicolas Sarkozy was the [presidential] candidate of purchasing power, he will (now] be the president of austerity."

Laurent Fabius, an ex-Socialist Party prime minister, criticised Sarkozy for giving away €15 billion in tax breaks to the rich at the beginning of the year. "The government has created a hole of €15 billion a year, and asks how can it fill this gap?" Fabius said. "We must get back a big part of this." Fabius called for "measures to help small businesses, the low paid and low pensions." Fabius has conveniently forgotten how his own austerity budget, under President François Mitterrand in 1984, attacked the living standards of the working class.

The trade unions criticized the austerity measures as much for their effects on their members as for their own lack of consultation in their application. Jean-Christophe Le Duigou of the Stalinist-controlled CGT (General Confederation of Workers) expressed the feelings of all the union leaders when commented: "Neither the public, nor the citizens, nor the public sector workers, nor the unions have been involved in the elaboration of these reforms.... It's a technocratic approach from the wrong angle, we start with the savings and then we will discuss, perhaps next, the public interest."

The tone of regret at not being involved in the consultation process speaks volumes for the aquiesence of the unions in the implementation of all of Sarkozy's policies up to now. Le Duigou was one of the union negotiators who betrayed the special pension rights struggle of rail workers in November last year.

Sarkozy's budget cuts are anything but technocratic. They are aimed politically at the working population. The FSU public sector workers union admitted the austerity plan "will mean a further deterioration of daily social and professional life for the entire population, but especially the most weak and underpriveliged."

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