France: Government, unions prepare large-scale pension cut

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On April 28, French Labor Minister Xavier Bertrand met with trade unions and employers' organizations to set out guidelines for another round of pension cuts. The centerpiece of the plan is pushing the required pay-in period for all workers, both in the public and private sectors, to 41 years from the current 40 years by 2012. This confirms the orientation set by President Nicolas Sarkozy in his April 24 TV interview, in which he said the only solution was to "work and pay in longer."

The main lines of the current pension reform are mandated by the 2003 pension cuts carried out under then-Prime Minister Jean-Pierre Raffarin, including an increase in 2008 of the mandatory pay-in period if there were no major change in demographic trends. As a result, it is expected that the reforms laid out by the "social partners"—the unions and employers' organizations—and the state will be passed by simple executive decree, requiring no new law in parliament. After the April 28 meeting, Bertrand published an initial draft of reforms, titled "2008 Rendez-vous on pensions."

The draft states that the pay-in period increase is "justified due to the increase in life expectancy noted by the INSEE [National Institute for Statistics and Economic Studies]. The pension plans' worsening financial situation reinforces its necessity."

The draft also announces several minor, largely cosmetic measures to help poorer retirees. One required pensions to pay 60 percent of the pension amount to the spouse of a deceased retiree by 2011, up from 56 percent. Another required the pension system to pay a worker who has worked on full-time minimum wage (SMIC) for the entire required pay-in period at least 85 percent of the SMIC—a measure affecting relatively few minimum wage workers, who often have long periods of irregular or part-time employment.

Of particular importance in this reform are the employment conditions for workers over age 57, who are often forced to take early retirements so companies can hire younger, cheaper workers and minimize their pension payments. One sign of this is the employment rate for people over 55—38.1 percent in France, as opposed to a European Union average of 43.6 percent. Until now, these workers have been granted a Dispensation from Job Seeking (Dispensation de Recherche d'Emploi—DRE). Upon being dismissed, they were allowed to go on unemployment insurance until they reached the legal retirement age and then still collected normal pensions.

The draft announces plans for unspecified increases in the minimum age at which a DRE can be granted. With French pension plans imposing harsh financial penalties on workers who fail to meet the required pay-in period—5 percent of the pension amount per missing quarter of year—such plans would drastically cut pensions for millions of workers.

Throughout this collaboration between the trade unions and the French ruling elite, the sums at stake have remained somewhat hidden from public view. What is being prepared, however, is a massive transfer of funds from working class retirees to the coffers of the state and, ultimately, the bottom lines of French corporations.

According to the INSEE, France has approximately 13.5 million retirees, or 20 percent of the population. Each year roughly 500,000 workers retire, a figure expected to increase to 700,000 as the baby boom generation retires. In 2006 expenditure on pensions was roughly €235 billion, of which over €230 billion came from employee and employer contributions, with the remaining €4.2 billion paid by the state.

In statistical documents prepared in November 2007, the state's Orientation Council on Pensions (COR) forecasted that, despite substantial increases in the retiree population, the portion of GDP spent on pensions would be held constant at 13 percent in the future. Accepting this assumption, pension financing would be in deficit by €15.1 billion in 2015, €47.1 billion in 2030, and €68.8 billion by 2050. Underlying this assumption, however, is the determination of the French bourgeoisie to spend as little as it proves politically feasible to spend on pensions.

In its attempt to minimize pension payments, the French bourgeoisie has hit on the idea of lengthening the required pay-in period, to increase financial penalties on workers as the lengths of their careers fall ever further behind the required pay-in period. The first such reform, by Prime Minister Edouard Balladur in 1993, made private sector workers pass from a 37.5-year to a 40-year pay-in period. The second, by Raffarin in 2003, forced workers in the general public sector pension fund to pass from a pay-in period of 37.5 to 40 years, with a planned passage from 40 to 41 years in 2008. Last December, the government aligned public sector workers with "special regime" pensions—those working in strategic sectors of the economy such as transport and energy—on the general fund.

As a result of these reforms, according to a study by the Organisation of Economic Cooperation and Development (OCDE), the percentage of retiring workers' final wage that they receive as a pension has passed from 64.7 percent to 51.2 percent.

The French working class has met these cuts with vigorous attempts to defend its living standards. In 1995, public sector workers largely shut down the country with a month-long strike against Prime Minister Alain Juppé's attempt to extend Balladur's cuts to them. Teachers led a million-strong strike of public sector workers against the 2003 cuts, and the transport and energy workers mounted strikes in October and November of last year against the special regime pensions reform. However, the French ruling class has worked successfully to split up the working class, and dealt with each section in turn.

The central obstacle to a successful defense of pension rights has been the trade union leadership. Far from seeking to alert workers to the long-term danger they faced and thus to wage a political struggle in complete opposition to the bourgeoisie and its representatives, the trade union bureaucracies have consistently fought to prevent strikes from spreading, bring them to a close, and then negotiate concessions deals with the state.

The collaboration between trade unions and the state is now publicly discussed in the corporate media. As Sarkozy wrote in an April 18 editorial in *Le Monde*, "Right after the presidential elections [of May 2007], even before going to the Elysée [presidential palace], I met with trade unions and business groups to listen to them and ask for their positions on the first actions I was planning on taking. Since then, I have continued to very regularly meet with each of their representatives.... The reform of the special regime pensions [was] successfully carried out last fall, thanks to an intense period of coordination at a national level, and negotiations in each enterprise affected by the reform."

Jean-Christophe Le Duigou, a top official at the Stalinist-dominated CGT (General Confederation of Labor, France's largest union), replied with an interview in the *Financial Times* praising Sarkozy: "He understands that we must give a place to social dialogue. We are at a turning point in the social situation of our country. Everyone believes that things must change."

Under such conditions, all class-conscious workers must be aware of the trap being set for them by the CGT and CFDT (French Democratic Confederation of Labor), as the unions announce plans for a demonstration on May 22 against pension cuts. In conditions where Sarkozy's popularity is plummeting and economic difficulties are mounting, such a call may meet a significant response. However, the goal of the trade union bureaucracy will be to let off political steam and to provide an illusion of struggle against the government—while plotting with Sarkozy behind the backs of the workers.

Shortly after the CFDT announced its support for the demonstrations, its pension negotiator Gaby Bonnard admitted, "we are not hostile in principle to a lengthening of the pay-in period."

In a May 1 editorial, the conservative daily *Le Figaro* praised the unions' decision not to join its demonstration with the May 15 high school students' protest marches. It wrote of the May 22 marches, "We hope they are, from the unions' point of view, an honorable last stand against a reform that is difficult, but essential for our country." It added, "The real subject for the trade unions is in fact elsewhere. They must prolong the extraordinary renewal of social manners in France of which they are the motive force.... Contributing to such an essential reform as that of the pensions, already carried out everywhere else, would send a signal that they have definitely assumed their responsibilities."

To that, the working class need only add, "their responsibilities to the bourgeoisie." In fact, what Sarkozy and the bourgeois media are artlessly revealing is the utter prostration of the union bureaucrats, and by extension of all their hangers-on in the leaderships of the left and pseudo-Trotskyist "far left" parties.

Workers can dismiss the hypocritical assertion that there is no money for pensions. The state protests against spending €4.2 billion on pensions, one year after Sarkozy gave a 10 percent tax cut to the top income tax bracket costing €15 billion per year. The projected pension deficit of €69 billion—over 40 years from now—is smaller than last year's profit for the CAC-40 index of the 40 largest French enterprises, which stood at €100 billion.

Above all, a political party must be formed to coordinate the struggle against the government's program of social cuts and its co-conspirators in the trade union leadership. The *World Socialist Web Site* puts forward an international socialist perspective to advance this fight among French workers and students.