France’s Socialist Party calls for pension cuts

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France’s opposition Parti Socialiste (PS) has come out in support of state plans for pension cuts and raising the retirement age, as President Nicolas Sarkozy seeks to reassure France’s creditors by reducing state spending.

The PS has indicated its support for raising the retirement age. “We must very certainly, we will very certainly go towards 61 or 62” as the legal retirement age, PS First Secretary Martine Aubry said on January 17, “if President [Nicolas Sarkozy] is ready to really work so we can find the correct principles.”

Aubry made the comment after French President Nicolas Sarkozy set a February 15 appointment with the “social partners”—the trade unions and employers’ federations—to discuss the “2010 Social Calendar.” Pension cuts will be a major topic on the agenda.

Among the other prominent figures who have praised Aubry’s decision are PS ex-prime ministers Lionel Jospin (in office from 1997-2002) and Michel Rocard (in office from 1988-1991), who recently led the government-appointed commission on national borrowing.

Jospin explained he was open to various methods for cutting pensions. “As long as we have a demographic deficit,” he said, “it’s clear that we must, one way or another, deal with the length of the pay-in period, the size of pension cheques, or the retirement age, to deal with this evolution.”

Rocard, speaking on BFM radio, said, “I think that my friend and comrade Martine Aubry was right. It took courage for her to adopt this position.” He added, “The best would be a discussion between the government and the trade unions. I hope that this is how it will be done.”

Prime Minister François Fillon hailed Aubry’s decision to publicly assist and support his government’s right-wing plans. “As I understand, the PS might participate in the search for a consensual solution: frankly, I am rejoicing,” he said. “If the PS perseveres in this path, it will be a sign that our democracy is progressing and modernizing itself.” He added that his government “plans to shoulder all its responsibilities on this question.”

The PS initiative is in line with the party’s history as a stalwart defender of the interests of the French bourgeoisie. Soon after taking power in 1981, PS President François Mitterrand abandoned his nationalization program and imposed painful austerity measures. Under the Plural Left (PS, French Communist Party/PCF, Greens) government (1997-2002), led by Lionel Jospin, the PS privatised state industries. Thanks to extensive loopholes and the weakening of protective labour regulations, the so-called Aubry Law reducing the work week to 35 hours, passed under Jospin, was most advantageous for business.

The proposed pension cuts would be the latest in a series—including in 1993, 2003 and 2008—that have drastically reduced pensioners’ incomes by lengthening the required pay-in period and imposing penalties for failing to complete it (*la décote*). As a result of these cuts, the Organisation of Economic Cooperation and Development (OECD) wrote in 2008, “The percentage of retiring workers’ final wage that they receive as a pension has passed from 64.7 percent to 51.2 percent.”

The united front of France’s political parties behind the cuts is a response to the requirements of the international financial markets. They are demanding all countries make major cuts in social spending, as government spending on bailout packages in response to the global economic crisis sends government budget deficits soaring. Last November the European Commission estimated that 2010 deficits would amount to 14.7 percent of gross domestic product in Ireland, 10.1 percent of GDP in Spain, 8.2 percent in France and 5 percent in Germany.

Greece, which risks defaulting on its sovereign debt, is preparing plans for draconian austerity measures and spending cuts.

The *Times* of London wrote on January 18 that "the threat of a Greek default may matter even more to the Eurozone than it does to Greece itself. If Greece defaulted, other countries with high debt would all face dramatically higher borrowing costs." The *Times* cited a comment made by one German hedge fund manager based in London, who said, "A Greek default would lead immediately to a challenge to Portugal and that day to Spain, and in a day or two to Italy."

As concerns rise about state debt defaults, every government in the Eurozone faces intense pressure to limit its social spending to reassure international investors and maintain its access to credit on sovereign debt markets. The Insee national statistics office reported the French economy shrank by 2.3 percent last year, with weak growth forecast for this year. The 8.2 percent of GDP budget deficit is well above the upper limit of 3 percent imposed by the Maastricht Treaty.

Commenting on the government's plan to reduce the budget deficit, Prime Minister Fillon said, "We will have to reduce the deficit by more than one percentage point of gross domestic product to reach our set objective, which is to be below 3 percent within a reasonable timetable." He told lawmakers, "2010 will be a very important year for France's [credit] rating, which must be protected."

On January 20, French weekly magazine *L'Express* commented that Sarkozy "will have to come up with billions of euros of cuts if he really wants to convince those he has decided to win over—the international investors who finance France's public deficits."

The PS's embrace of social austerity measures to face the economic crisis is another crushing refutation of ex-left parties, like the Parti Communiste Français (PCF) and Nouveau Parti Anti-capitaliste (NPA), who responded to the crisis by throwing their support behind the PS.

In the fall of 2008, Aubry proposed the PS's own bailout plan, aimed at saving French finance, with an amount of 50 billion euros as opposed to government's stimulus package of 26 billion euros. While occasionally criticizing PS policies as "social-liberal," the NPA supported the PS stimulus plan and signed joint declarations with the PS, the PCF, and other "left" parties. They enthusiastically supported impotent one-day demonstrations, organized by France's eight main trade unions last year in close coordination with the Sarkozy government.

PCF spokesman Olivier Dartigolles responded to Aubry's current proposals by granting the idea of a pension cut in principle, but criticizing Aubry for "abandoning the principle of a just and efficient reform of pensions on the left."

NPA spokesman Olivier Besancenot has all but capitulated to the proposed cuts. "Martine Aubry's proposals on increasing the retirement age to 61 or 62 under certain conditions [are] very bad news," Besancenot said. "Even before the social battle takes place, the PS is … saying 'we're ready to make an agreement, workers will have to work longer.' It's a social-liberal response."

The PCF and the NPA feel free to make these toothless criticisms because they are out of power. Were they in government, they would tend to reprise the role of their Italian counterparts, the Pabloite organisation Sinistra Critica, whose members participated in the Rifondazione Comunista. Rifondazione was a major component of the 2006-2008 Prodi government, and gave Prodi critical votes as he passed pension cuts and deployed Italian troops to Afghanistan.