French government cites European debt crisis to slash spending

Kumaran Ira, Alex Lantier
17 February 2010

Amid rising panic in global financial markets due to the European debt crisis currently centred in Greece, France's conservative government is preparing massive cuts in public spending.

On February 15, Sarkozy met trade unions and business groups to discuss the "2010 social calendar", on which pension cuts will be a main topic. They are preparing measures including lengthening the pay-in period beyond 41 years—currently the limit for workers retiring after 2012—and increasing the pension age beyond 60. The government reportedly expects to discuss and implement the "reform" before the end of 2010.

The government has also promulgated a decree on "mobility of public sector workers", part of a new round of attacks on the public sector work force. These include state, local, and hospital employees totalling some 5.2 million workers.

On February 11, the decree was finalized at the Superior Council on the Public Service—a consultative body, consisting of management and trade union officials. The law is designed to facilitate firing public sector workers, who—once hired—enjoy guaranteed employment. According to the financial daily *Les Echos*, the new law states that "an employee can be deprived of wages and pension rights if he refuses three new offers of jobs that correspond to his rank.… Once deprived of wages and pension rights, an employee refusing three further jobs could be fired".

This law is a part of the so-called General Revision of Public Policy (révision générale des politiques publiques—RGPP), implemented soon after Sarkozy came to power in 2007. The RGPP plan cuts public sector job levels by not replacing one in two retiring public sector workers, forcing workplace transfers, reducing state services and downsizing local-level administrations. Since 2007, 100,000 jobs have been cut in the public sector, with 34,000 slated for elimination in 2010.

These measures are a part of broad attack on the working class, aiming to reassure the European Commission international financial markets of France's creditworthiness. After the outbreak of the world economic crisis in 2008, France's budget deficit has soared, reaching 8.2 percent of GDP this year.

The French government submitted to the European Commission in early February its stability programme for the period 2010-2013. It foresees a reduction in the public deficit from 8.2 percent to 3 percent of GDP by 2013, entailing a cut in government spending on the order of €100 billion. The programme included cuts in education and health care spending, pensions, unemployment benefits, and public sector employment.

In its 2010 evaluation of government finance, the *Cour des Comptes* (France's top audit body) warned that the government must urgently cut its public debt and deficit level to keep its AAA credit rating.

It wrote, "Of course, France is not Greece, or Spain. However, France's top financial authorities must now act quickly, as the debt is growing rapidly and threatens to approach 100 percent of GDP by 2013. The burden of interest rate payments on the debt could reach 10 percent of government revenues by 2013, that is €90 billion (€3,500 per employed worker).… Beyond that ceiling of 10 percent there is a risk, not automatic of course, of a downgrade of [France's] sovereign debt rating".

In an interview with right-wing daily *Le Figaro* on January 29, French Prime Minister François Fillon said he and President Nicolas Sarkozy were both determined to "make unprecedented efforts that will necessitate a national mobilization. Concretely, this signifies freezing ministry budgets and making similar efforts in local administrations”.

Fillon stressed the growth in overall health costs “must fall below 3 percent. Let’s not forget that we were at 5 or 6 percent a few years ago”.

These negotiations take place amid panicked European talks about financing Greece’s public deficit, and rising concerns of government defaults in Spain and Portugal. Like the Greek social-democratic government of Prime Minister George Papandreou—which is preparing massive job cuts and austerity measures to satisfy investors—France’s bourgeois “left” is being mobilized to impose the dictates of finance capital on the workers.

On February 11, in a television show on the France 2 channel, former PS (*Parti Socialiste*) first secretary François Hollande said, “We will have to lengthen the pay-in period to finance pensions. We must say clearly that people will work longer. Yes, we will have to lengthen the pay-in period because of what everyone knows about life expectancy. Life expectancy is getting larger, so we must increase the pay-in period”.

This comes after PS First Secretary Martine Aubry provoked a media storm by advocating increasing the retirement age to 61 or 62. Aubry’s comments, though subsequently retracted, were supported by leading PS figures, including former prime ministers Lionel Jospin and Michel Rocard.

Before the February 15 meeting, Bernard Thibault, leader of the Stalinist CGT trade union, said he was concerned about an “over-hasty reform” but quickly added that he did not want to postpone the reform “two or three years, but let’s say several months.” He added: “Of course I know that France, like other countries, is under pressure from international financial markets and must show its good faith to those markets.”

Thibault’s line was echoed by other trade union heads, including François Chérèque of the right-wing CFDT union and Jean-Claude Mailly of FO, after the meeting with Sarkozy. They said they were happy that negotiations on the pension cuts would extend through the summer, but the CFDT together with the CGT and several smaller unions announced there would be a one-day demonstration on March 23.

Chérèque said there should be “time for mobilization.” In other words, working people are to be subjected to more bogus “strikes” called by the trade unions, while they negotiate the details of the cuts with Sarkozy.

With this cynical ploy, the trade unions are reprising their role during Sarkozy’s 2008 pension reforms, and the 2009 demonstrations in favour of Aubry’s alternative bailout proposal: diverting opposition in the working class with actions that are called in order to be defeated.

The authors also recommend:

European officials demand further cuts in Greece after bailout pledge
[13 February 2009]

France: CGT congress confirms orientation to Sarkozy
[9 January 2010]

France: what are the politics of the March 19 demonstration?
[18 March 2009]