French government announces plan for pension cut

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19 June 2010

The French government announced its regressive pension reforms on Wednesday, after months of talks with the trade unions. President Sarkozy has raised the minimum legal retirement age from 60 to 62. This will be done by increasing the length of working life by four months every year until 2018.

The age for retirement on a full state pension will be raised from 65 to 67 by 2020.This will require an extended pay-in period of 41.5 years, instead of 40 at present. The current average pension is €1,150 before deductions for social charges. In 2007, the INSEE (National Statistics Office) estimated that nearly a million pensioners aged 65 or over (10 percent of all pensioners) live on or below the official poverty line of €900 per month.

The reform also attacks state employees, who will now see their pension contributions increased in line with the private sector workers, going from 7.85 percent to 10.55 percent of gross pay. The government has insisted that drastic measures are necessary to meet a projected deficit in the pensions system of €49 billion by 2020. Sarkozy has tried to mask the assault on workers with minor taxes on the wealthy and their business operations. A new tax of one percent on the highest bracket of earned income plus a one percent increase on property sales tax is proposed.

The tax on stock options will go from 10 to 14 percent for the employer and from 2.5 to 8 percent for employees. In feigning concern for the worse off, workers suffering from medically proven illnesses or accidents related to the workplace will continue to retire at 60. Women workers will now have maternity leave benefits included as part of their salary to calculate their pension rights. This will scarcely improve the lot of women whose average pension is €990.

The bourgeois left and the trade unions are adopting a false and deceitful pose of opposition to Sarkozy's measures, which they support.

The *Parti Socialiste* (PS) called the reform “unjust”. Francois Hollande, PS ex-first secretary said the measures were designed “to send a signal to the markets and France’s European partners”. However, the SP’s own internal document on pensions shows that they have few real disagreements with Sarkozy’s measures—including an extended pay-in period. PS First Secretary Martine Aubry called for increasing the minimum retirement age to 62 in January.

The reaction of the trade unions was equally unconvincing. François Chérèque, general secretary of the French Democratic Labour Confederation (CFDT) close to the SP, commented, “It is a short term reform, virtually a provocation… A bad blow for future generations and it’s the young who’ll pay the bill… I was expecting something a little more serious from the government”.

The General Confederation of Labour (CGT) close to the Stalinist PCF issued a press statement appearing more hostile. “It is a brutal reform for a social regression without precedent…For the CGT, it is obvious, this pension reform must be fought resolutely”.

The reality is that both trade unions along with smaller ones have held back any mass movement of workers to oppose the reforms. The reforms have been known for months, during which the unions have been negotiating the fine print in closed-door sessions with the state and the employers. The unions' response to Sarkozy’s reform has been to declare yet another toothless one-day protest on June 24 for a “just and fair reform,” and then do nothing until September, when the government will present the law to the National

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Since President Sarkozy took office, the position of the unions has been to work with the government precisely to make workers pay for the crisis and make French capitalism more competitive. The pension reforms are part of the austerity policy after bailing out the banks.

Prime Minister Fillon announced last week that he will reduce the public deficit by €100 billion by 2013 in order to meet the EU requirements of a budget deficit of 3 percent of GDP. The deficit is currently running at 8 percent of GDP. Public spending cuts of €45 billion are planned to cut the deficit, the rest coming from increased tax receipts "after the crisis" from a supposed economic recovery—termed as "losses of receipts from a cyclical downturn".

But the government is aware that this optimistic view of economic trends is whistling in the wind. It is contradicted in a recent interview in *Der Spiegel* with Jean-Claude Trichet, the Director of the European Central Bank: "There is no doubt that the economy finds itself in the most difficult situation since the second world war, indeed since the first world war."

This economic reality is deliberately ignored by the unions and social democrats whose faith in the future of capitalism is bound up with their determination to make workers the victims of the crisis. In this the PS recently had no reservation in voting for Sarkozy's bailout plan for Greece, which was tied to austerity cuts for Greek workers' pensions and jobs.

At the CFDT's annual union conference on June 11, Chérèque virulently opposed a motion calling for no extension of the pension pay-in period and received majority support from delegates. The CGT leader Bernard Thibault was a warmly welcomed guest, and voiced no opposition to the CFDT leadership's course of action.

Both unions were responsible for encouraging Sarkozy to go further in his assault on pensions through their betrayal of strikes in 2003 and 2007. The CFDT accepted the alignment of the public sector workers pay-in period with the private sector in 2003. In 2007, the CGT sabotaged the railworkers strike to defend their special pension rights.

The collaboration of the trade unions in accepting that workers make sacrifices to stave off state bankruptcy is now being harnessed by all European governments, beginning in Greece. However, there are signs of rising anger and opposition in the working class.

A BVA poll on June 10 found that 53 percent of left-wing voters judged the unions' action to have no impact on the pension reforms. Asked about what action was necessary to defend pensions, 67 percent of respondents thought a general strike was needed.

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