

French welfare payments under attack

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The ruling right-wing UMP (Union for a Popular Movement) of French President Nicolas Sarkozy held a convention on June 8 to launch an all-out attack on basic welfare payments to the long-term unemployed.

It proposed a frontal assault on workers who receive the RSA (Active Solidarity Revenue) minimum welfare payment. It called for an obligation to work up to 10 hours work a week in the community, paid at a maximum rate of €7 an hour. The kind of work envisaged at this stage is referred to as “social usefulness”. Failure to comply will mean losing the RSA payments.

By introducing the principle of forcing welfare recipients to do cheap labour, the government is moving towards a scheme like the €1 jobs introduced in Germany by the Social Democrats and Greens in 2005.

The reactionary tone was set by Sarkozy’s minister for European affairs, Laurent Wauquiez, who denounced welfare payment recipients as a “cancer of French society.” This is part of Sarkozy’s campaign to get re-elected in 2012—amid savage cuts in public services and the stoking of anti-immigrant racism.

The 2010 budget deficit of €148.8 billion, swollen by massive bank bailouts, represents 7.7 percent of GDP. Sarkozy has promised to bring it into line by 2013 with the European Union’s maximum limit of 3 percent of GDP, requiring tens of billions in further cuts.

In backing the plan to exploit welfare recipients in the labour market, Sarkozy’s special advisor Brice Hortefeux commented: “What we mustn’t do, in our country is to receive more money from social benefits and social income redistribution than from revenue from working and...it is the urgent necessity to fight against fraud...it is stealing.”

The right-wing *Le Figaro* quoted another of Sarkozy’s advisors as proposing to reduce welfare expenditure with “graduated welfare payments tied to economic growth”, which would reduce the

unemployed to paupers, given the current economic climate.

Jean Castex, President Sarkozy’s deputy secretary for social affairs, described the effects of the RSA in the retail sector, where “it’s in the employers’ interest to pay only part time workers”. This results in the lowest-paid workers, such as those working in hypermarkets, being recruited only on a part-time basis because they can thus keep a portion of their welfare benefits.

Wauquiez initially proposed forcing RSA recipients to work in the community for no remuneration. However, for the moment, the government has relented, content to establish the principle of forcing welfare recipients to work.

The RSA was introduced in 2008 by Martin Hirsch, the high commissioner for active solidarity against poverty, who joined Sarkozy’s government from his post as president of the religious charity *Emmäus*. His stated aim was to encourage welfare recipients to top up their benefits by taking up part-time employment.

In practice, it served to provide a cheap labour force to employers at state expense, while increasing the number of underemployed workers.

About 1.8 million households currently receive RSA payments of €446 per month for a single person, or €700 for a couple. The aim is to oblige two thirds of these to work in the community, thus undermining general wage levels. This would also have the effect of covering for staff shortages in social services brought about by job cutbacks in the public sector, where one in two workers are not being replaced upon retiring from their posts.

Hirsch initially criticised attacks on the RSA, noting they would lead to a transfer of wealth from the poorest to the richest in society. He accused the government—which he had supported and participated in despite massive assaults on labour and social rights—of using “the money which must go into the

pockets of modest workers (the tax which finances the RSA) for other things.”

Hirsch was referring to the windfall tax break for the rich recently introduced through the ISF (Tax on Fortunes) tax reform—which means the tax bracket for the highest revenue will now only apply to earnings upwards of €1.3 million instead of €800,000, costing the state €1.8 billion in lost tax revenues. The RSA costs €1.3 billion to finance.

Hirsch soon dropped his opposition to the UMP’s proposal for forced labour in the community, however, when the UMP agreed to pay the €7-an-hour SMIC rate.

The UMP’s drive to witch-hunt the working class received more ammunition from a parliamentary report on “social fraud” unveiled on June 22 by UMP deputy Dominique Tian. Although the report reveals that most fraud is related to employers not declaring workers and avoiding the payment of social charges, the remedies put forward are primarily to intimidate individual workers.

The report estimates that €20 billion a year are lost to the state in fraud. This amount nearly equals the deficit of the social security system. Non-payment of employers’ contributions accounts for €15.8 billion and so-called fraudulent benefits claimed by workers under the RSA. Fraud related to family benefits or sick leave accounts for €2-€3 billion.

The report recommends putting in place a “national plan to fight fraud..... We need an ‘FBI’ for social fraud”. It proposes biometric social security cards, more surprise visits to workers on sick leave at the employers’ initiative, and limiting tele-procedures for preparing employee dossiers to fight fraud.

Tian claims 10 to 12 percent of employers are breaking the law in not declaring workers. It does not mention the estimated 400,000 undocumented immigrant workers who are refused legal status and are subject to government harassment.

The Sarkozy government’s bad faith in its supposed drive to cut fraud—and thereby placing the burden of the economic crisis on the working class—is further revealed in the European Union (EU) report targeting France for violating EU directives on banks’ bonuses. French traders saw their fixed income increase by 40 percent in 2010, growing from €729 million in 2009 to €1 billion.

The directive determined that the fixed and variable parts of salaries should be “balanced out”. This rule has been left out of the French transposition of the EU directive.



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