French government prepares to slash family, health benefits

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The 2015 budget presented yesterday by the Socialist Party (PS) government includes deep new attacks on social spending. Subsidies for local governments are being slashed by €3.7 billion, and painful cuts are being imposed on family and heath benefits.

Last Monday, French health minister Marisol Touraine presented the government's Social Security budget for 2015. It contained a large part of the €20 billion of cuts that Prime Minister Manuel Valls had pledged this spring, when President François Hollande brought in the new government. These cuts are part of the €50 billion in cuts that Hollande announced for the second half of his five-year presidency that finishes in 2017.

These reactionary cuts are a part of the "Responsibility Pact" Hollande negotiated with the French Employers Association (MEDEF) to slash social payments to make businesses "more competitive."

A key justification for cutting these benefits has been the Social Security deficit. This deficit, due largely to the rise of unemployment since the 2008 financial collapse, has fallen from €20 billion to €11.5 billion since 2011, through vicious attacks already implemented. The new cuts now being implemented will hit broad layers of the French working class and middle class hard and will stoke opposition to the already hated PS government.

Of the new cuts, €700 million will be slashed from family allowances and similar benefits. In France, these benefits were developed in the 1930s. They provide an allowance for each child in a family from the second child onwards, so that people are not disadvantaged by having large families. The first laws were passed in 1930 and throughout that decade, were extended to new layers of the population.

The law today does not have a means test, so that family allowances are paid to all families. These new cuts, therefore, target not only workers but also large layers of the middle class that enjoy these benefits.

Certain sections of the bourgeoisie are concerned that this will reduce France's relatively high birth rate—because they are close to the Catholic Church, or concerned that a fall in France's population would impact its geostrategic position—and are criticising the cuts. In the right-wing daily *Le Figaro*, editorialist Gaëtan de Capèle bluntly laid out the implications of the cuts, writing that in France, "having children will soon become a luxury."

De Capèle's comment, in fact, sums up the anti-democratic content of the austerity policies demanded by all factions of the French ruling elite. Hostile to social benefits they know are more generous than what little remains of social spending in countries like Greece and the United States, they have no intention of maintaining benefits that were granted decades ago and, in the final analysis, only to stave off social revolution.

The cuts in family allowances target the increase in benefits once the child reaches 14. The age has been increased to 16, so that parents will lose €1,500 for each child after the first child.

There is a one-time payment on the birth of the child. Currently, the payment on the birth of the child is €923. In 2015, from the second child, the payment will be only one third of this amount: €308. This will cut €200 million from the budget.

Also, one of the parents at a time can take parenting leave from his or her job for up to three years for each child, for which they are paid a small allowance. The government is changing the rule so that each parent can take only 18 months' leave, knowing that husbands usually do not take time off for paternity leave. This will cut another €300 to €400 million.

Another benefit, the CMG (supplement for free choice of child care), which is to help pay for a nanny if the parents both work, will be means tested. Those in the higher income bracket will lose 50 percent of the benefit.

Health benefits are the hardest hit: budget cuts will be imposed on all hospitals and health care professionals, totaling €3.2 billion in 2015. This will be done by increasing outpatient surgery, imposing certain generic drugs, restrictions on types of treatments, and hospital "rationalisation."

Workers and middle class people have increasingly been forced to obtain extra insurance, either through their employer or purchased on the market, to pay for drugs, treatments, surgery, dentistry, and glasses—for which the French social security system only makes limited payments. This will only expand as the ruling class seeks to slash health care spending.

Other reactionary items in the budget include a €3 increase in the yearly tax on televisions, and a two cent increase in the price of a liter of diesel fuel.

In fact, the budget crisis facing the French state and social security system is largely manufactured by the pro-business policies of successive governments of the right and the bourgeois "left."

Employers have benefited in no small amount from the new employment schemes, regularly invented by governments over the last 15 years, which always offered employers the option to opt out of paying contributions for social benefits if they hired new workers. These measures cost the Social Security administration over €30 billion per year. Employer contribution fraud also costs an estimated €20 billion per year.

The "Responsibility Pact" includes a permanent exoneration from paying social contributions for an employer who pays a worker the minimum wage (SMIC). Not only does this further decrease the income of the Social Security administration and thus increase the deficit, but it encourages employers to hire most of their workers at minimum wage.