Amid budget crisis, French government prepares new attack on pensions

Alexandre Lantier
23 August 2026

As France's ruling elite prepares for the political return from summer recess and for the 2027 presidential campaign, Prime Minister Sébastien Lecornu's government is preparing new social attacks on workers. Macron's 2023 pension cuts provoked the rejection of an overwhelming majority of the French population and the largest wave of strikes in France since the May 1968 general strike. Nonetheless, the government is charging ahead, trampling democracy underfoot, toward a new confrontation with the working class.

According to sources close to Lecornu, the Finance Ministry proposes to break the indexation of pensions to inflation. This would allow the state to freeze pensions, whose purchasing power would collapse as inflation and prices rise. This opens the way to the mass impoverishment of pensioners: If inflation stood at 6 percent for a decade, for example, the value of frozen pensions would fall by more than 43 percent.

In 2027 alone, even a partial de-indexation of pensions would cut spending by between 6 and 12 billion euros, according to official estimates. "We will indeed need to have the debate on undifferentiated automatic indexation," Minister of Public Accounts David Amiel told Sud Radio. Economy Minister Roland Lescure said: "We are going to look at this business of indexing to inflation, because, indeed, I think it's an effective way, I would say, of making savings."

Stopping the attacks aimed at the working class requires taking up a struggle directly against the capitalist oligarchy and against war. But waging such a fight requires drawing the lessons of the last great struggle against pension cuts. Workers cannot leave control of these struggles to the trade union apparatuses and the parties of the New Popular Front (NFP), which smothered the last struggle against pension cuts.

The catastrophic state of French public finances, to which the ruling elites are responding by slashing the social rights of the French population, is due in large part to the collapse of taxation on capitalist oligarchs and to the astronomical rise in military spending. Pensions, education and public hospitals—along with other basic social services—cannot be preserved without halting militarism and directly assaulting the wealth of the billionaires.

Macron has boasted of having doubled military spending during his presidency, from 36 billion to over 70 billion euros. He has also increased France's sovereign debt by 1 trillion euros to 3.5 trillion, pushing the annual burden of debt payments to 58 billion euros. This means that military spending plus debt servicing are almost equivalent to the French state's annual budget deficit of 152 billion euros (5 percent of French GDP).

Macron has tripled the wealth of French billionaires alone, which has grown by 255 percent under his presidency to reach 1.23 trillion euros. These fortunes are based not on industrial growth but on stock market swings driven by bank bailouts regularly granted to the super-rich by the state and the European Central Bank. Yet it is this parasitic oligarchy that dominates not only the economy but also the war drive, the media, police repression and the state apparatus as a whole.

The indexation of pensions, first to wages and later to inflation, was a gain won by workers' struggles in the Resistance and in the liberation from fascist rule at the end of World War II. Established in 1948, this indexation depended however on a situation in which the taxation of great fortunes bore no comparison to what it is today.

For top income earners, taxation stood at 60 percent after World War II. While officially this rate is set at 45 percent today, it is common knowledge that oligarchs can largely escape taxation. Thus, according to various studies, the oligarch Bernard Arnault reportedly pays 18, 15, or even 9 percent tax on the few hundred million euros in income he declares to the tax authorities—while his wealth leaps by billions, even tens of billions of euros, every year.

While the French figures are especially disastrous, they are not fundamentally different from those of most other major European states. As all European states pledge to more than double their military spending to bring it to 5 percent of GDP and wage war on Russia, their debts are reaching staggering levels. Sovereign debt in France stands at 118 percent of GDP, Italy at 139 percent, Spain at 102 percent, Belgium at 109 percent and the United Kingdom at 104 percent.

The unsustainability of the debt and of European states' financing as a whole testifies to a mortal crisis of international capitalism. The head of the Banque de France, François Villeroy de Galhau, has responded with repeated statements urging the bourgeois parties to take radical measures to slash social spending.

"We are at more than 110 percent of public debt," he said. "It is a potential time bomb that we are leaving to future generations. And even before speaking of future generations, it is costing us more and more.

"All the [ratings] agencies are alarmed by the political instability" of France, he declared, arguing that the state is "not threatened with bankruptcy, but with gradual suffocation." Indeed, were financial markets to speculate against French debt and drive up the interest rates paid by the state, this would mechanically push up other interest rates in France as well. This would result, he added, in "more expensive borrowing for households, mortgage credit, and businesses."

In reality, France and Europe are living through their greatest financial crisis since the world wars of the 20th century. Looking at the fiscal crisis of the French capitalist state, it is impossible not to compare it to that of the monarchy before the 1789 Revolution, when society was controlled by another parasitic and illegitimate aristocracy.

To defend social rights and halt militarization and war, workers will have to take up the road of revolution once again. But to do so, all the lessons of the fight against the 2023 pension reform must be drawn. The trade union leaderships and those of Jean-Luc Mélenchon's NFP initially supported the movement, in words, before retreating in the face of the eruption of the class struggle and the demonstrations against Macron's imposition of his reform without a vote. They flatly put an end to the movement, smothering working-class opposition.

According to legend, when King Louis XVI asked his courtiers in 1789 whether France was experiencing a revolt, he was told, "No, Sire, it is a revolution." Faced with an objectively revolutionary situation, Macron's courtiers in the NFP said: "No, Sire, this is social dialogue." Various petty-bourgeois organizations busied themselves sowing illusions about a democratization of the state apparatus and a strike "battle plan" through which union leaderships would supposedly bring Macron to his senses. Nothing of the sort happened.

It is impossible to save democracy and social rights under the capitalist system. The lessons of history must be faced squarely. In 1945, as workers across Europe rose up against fascist oppression and formed workers' militias and strike committees, the Stalinist, social democratic and bourgeois forces of the National Council of the Resistance (CNR) promised a new capitalist regime. Under this regime, guaranteed social rights would go hand in hand with "the eviction of the great economic and financial feudalities from the direction of the economy."

That promise was false. Today, the economic feudalities dominate the economy, are plunging the world back into war and are impoverishing the working class. The alternative is the program defended by the Fourth International in the workers' resistance struggles of the 1940s. Workers must once again organize from below and fight for power and an international socialist revolution, with the formation of the Socialist United States of Europe.