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France

Massive rejection of the Macron-Borne reform of the pension system

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The question of pensions will become a major social and political issue in France. The working classes are already heavily affected by the consequences of the Covid years and the crisis in the health system. A reform of unemployment benefits will come into force at the beginning of February and will lead to a reduction in the rights of recipients. Above all we are seeing a major attack on wages and real social income in 2022 and 2023, with a high level of inflation, with increases in food and energy prices, which are in no way offset by corresponding wage and income increases.

Emmanuel Macron and his Prime Minister, Elisabeth Borne, have therefore decided on a new social attack against the working classes by presenting on 10 January a plan to reform the pension system, which aims to extend, globally and quickly, by two years the legal retirement age, which would increase from 62 to 64 for public and private sector workers. The project must be debated and voted on within the next two months, using an accelerated debate procedure (Article 47-1 of the Constitution; only 20 days of debate in the Assembly from February 8, 50 days in total for adoption between the two chambers, Assembly and Senate).

The government's plan also aims to abolish a whole series of "special pension schemes" in which retirement conditions are more favourable (gas and electricity workers, the RATP, etc.)

The aim is also quickly to bring the necessary duration of contributions to 43 annuities (years worked or equivalent). The previous reform, carried out under the Socialist government in 2013, aimed to reach this objective in 2035 (one quarter of extension every three years); with the current project the objective would be reached eight years earlier, in 2027 (one quarter more each year).

In total, it is obviously a global project of social regression which will further aggravate the inequalities behind an official discourse of "social justice" and "rescue of the French pay-as-yougo system". [\[1\]](#)

In most industrialized countries, pension systems have been the object of many attacks, especially since the liberal turn of the 1980s.

France has not escaped this process and, since 1993, successive governments, led by the Socialists and the Gaullists, have carried out four reforms against the pension system. Thirty years ago, workers, whether they were employed in the public or private sector, had a full pension (at the full rate) at age 60, having paid 37.5 years of contributions. If the project passes, we would very quickly go to 64 years and 43 years of contributions, 44 for long careers.

This would represent a new social attack, hitting in particular workers who have had careers interspersed with periods of unemployment or part-time work, especially women and, in general, those who started working before the age of 20, workers with little qualification. This would have the double effect of forcing them to work beyond the age of 64 and still receive lower pensions.

This reform project is part of Macron's overall plan to "work more" according to one of his 2022 campaign themes, to increase, at least on paper, the number of active workers, with a higher retirement age, pressure on the unemployed by the reduction of rights, pressure even on the beneficiaries of the RSA (active solidarity income - for those who have exhausted their right to unemployment benefit - 1.88 million beneficiaries in June 2022) by conditioning the RSA

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to a period of unpaid work from 3 p.m. to 8 p.m. monthly. These measures obviously exert pressure on the wages of active workers, lowering the quality of jobs and increasing the situations of unemployment and precariousness for older workers.

Regarding the increase from 62 to 64 in the retirement age, a note (Policy Brief, 21 July 2022) from the OFCE (French Observatory of Economic Conditions - Political Science) estimates, based on the results of the 2010 reform, that retiring at age 64 would reduce the number of retirees by 600,000 in 2027, of whom 240,000 would then be employed, 215,000 unemployed and the rest in a "state of precariousness" due to disability, illness or inactivity. So that would lead to 75 per cent unemployment and precariousness! Only the most qualified executives and employees would remain in a stable job, the categories least subject to arduous work and choppy careers.

It is the same with regard to the attacks against recipients of unemployment benefits. We went, from June 2008 to June 2021, from 68 per cent to 47.4 per cent of the unemployed receiving benefits (according to DARES). Worse, in September 2021, the length of the period worked to be entitled to benefits increased from 4 to 6 months. And the latest reform, which comes into force at the start of 2023, reduces the period during which an unemployed person can receive benefits by 25 per cent. From now on, the maximum duration will be 18 months and, for workers over 55, 27 months, instead of 36 previously.

All these decisions go in the same direction, hitting ever harder the categories of the working classes already the most affected by the current crises.

More than the real increase in the number of workers employed, "a new strike force to develop growth", what Macron is aiming for is a further reduction in the cost of labour for companies and a reduction in public spending in the government budget.

The other main reason why the government has so quickly put forward this pension reform project is not to be found in the 10 or 20-year outlook for the pension system but rather in the reduction of public finance deficits by 2027. In May 2022, the European Commission reinstated the Stability Pact rules, the Maastricht rules, suspended during the pandemic. The European Commissioner for the Economy, Paolo Gentiloni, then announced that, at the end of 2023, the Member States will have to comply with the rules of public deficits and public debt, at a maximum of 3 per cent and 60 per cent of GDP respectively. France, on this occasion, received the "advice" to reduce its debt and quickly reform its pension system.

Last July, the French government presented, as every year, to the European Commission its "stability programme", economic perspectives from now until this context 2027. In this context, Bruno Le Maire, French Minister of Economy and Finance, is committed to reducing the public deficit from 4.9 per cent of GDP in 2022 to less than 3 per cent in 2027. France is committed to increasing its budget by only 0.6 per cent per year: "The sustainability of public finances will not be achieved by an increase in mandatory levies... Controlling public spending is mainly based on structural reforms, particularly pension reform, as the President of the Republic committed to during the electoral campaign." The pension reform is therefore the pillar of the reduction in public spending to comply with European rules and maintain a favourable opinion from the rating agencies. Bruno Le Maire hopes to generate 17.7 billion euros by 2030, or more than 5 per cent of pension expenditure. Because at the same time, the government persists in its tax relief for companies. Thus, the CVAE (contribution on the added value of companies) paid by companies with more than 500,000 euros in turnover, which brought in 18 billion euros in 2019, will disappear completely in 2024.

If the European authorities and the European capitalists insist so much on the reform of pensions in France, it is because the pension system has the particularity of having resisted being torn apart pieces more than in other European countries.

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Admittedly, the previous attacks have already had and will continue to have even more consequences in terms of reduced purchasing power of pensioners and fewer years of life in retirement. The fact remains that France is one of the countries where people can retire the earliest and, with Italy, one of the countries in which the most money is spent on pensions, around 13.5 per cent of GDP, essentially public expenditure, within the framework of collective and compulsory pension schemes. Many capitalist experts insist on this “intolerable level” which supposedly imposes excessively high levels of compulsory levies on companies. What is less often noted is that this large share devoted to pensions also allows France to be one of the countries in the European Union in which the poverty rate for people over 65 is the lowest: 10.9 per cent against 16.8 per cent on average and 19.4 per cent in Germany.

Also, this system still represents an important point of resistance, a question of a choice of society, understood as such, in a country where more than 60 per cent of active workers would like to retire at age 60 or earlier.

This choice of society asserts itself with all the more force as the arguments asserted by Macron and the “experts” who follow one another in the media fail to convince. The Council of Orientation of Pensions (COR), official organization responsible for monitoring of the system, has itself released a report last summer advancing projections for the next forty years, showing a system in equilibrium. The “common sense” statement that there are going to be more and more pensioners and fewer and fewer active people (which is true) does not in any way lead to an uncontrollable increase in expenditure. On the contrary, expenditure as a percentage of GDP would remain very stable, between 13 and 14 per cent by 2070. It is revenues that would fall, due to insufficient pension payments from the state for public sector workers. In all the hypotheses, the accounts show only a slight deficit with regard to the amount of revenue and expenditure. The system has been in surplus for the past two years (4 billion euros in total) and will show a maximum deficit of 10.7 billion in 2027, compared to the 350 billion euros in expenditure. All this is in the COR report, which explicitly states that the situation is not catastrophic...contrary to what the government says. In addition, the government claims that a greater number of active workers is necessary, whereas between the ages of 50 and 65 the current employment rate is only 56 per cent, due to redundancy plans, illnesses and the impossibility of finding a job.

So, already, the government has lost a battle, its attempt to justify a reform to preserve and “save” the system, and it will not be able to convince people in the next two months. Similarly, there is a deep conviction that if it was necessary to finance a limited deficit in the years to come, there is no reason for this burden to weigh on wage earners, and in particular the poorest sectors and those subject to the most difficult work. Because, in the face of these measures, the government regularly displays the desire, in order to “protect growth”, not to increase employers' contributions to the Social Security Funds (including the Old Age Fund), to lower compulsory deductions and to lower all taxes on production and business. This in a context of explosive growth of corporate profits, massive distribution of dividends and individual enrichment of the wealthiest category of the population. In 2022, CAC 40 companies earned 172 billion euros in profits (a 34 per cent increase compared to 2021) and distributed 80 billion to their shareholders in the form of dividends or share buybacks. It is therefore a class reform...and it shows.

Basically, all the polls conducted in recent months, including since the announcement of the reform, show an overwhelming majority hostile to this reform, lesser only among executives...and pensioners. Ninety per cent of working people are opposed to the postponement of the retirement age to 64, 60 per cent approve of the union mobilization against this project and 46 per cent are ready to mobilize.

All the unions (CGT, CFDT, FO, FSU, Solidaires, UNSA, CFTC) refused the framework of the law during talks with the government, even those like the CFDT, the UNSA, the CGC and the CFTC, which are inclined to accept liberal reforms and support for government policies. All the unions are calling for a first day of strikes and demonstrations on January 19, around a single slogan, the withdrawal of the government project. At its last confederal congress, the CFDT leadership even received an express mandate to refuse any extension of the retirement age, whatever the countermeasures. During other pension reform projects, notably in 2003 and 2010, governments had come up against a trade union front equivalent to that achieved at present, with all the trade union confederations directly

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opposed to the project. It should nevertheless be noted that in 1995, the CFDT was not in the movement against the "Juppé plan" aimed at aligning public sector workers with the level of the regressions imposed on private workers in 1993. Juppé nevertheless had to withdraw his plan in the face of a general mobilization and a long strike by the rail workers of the SNCF. 1995 led to a deep crisis in the CFDT and the departure of several unions to Solidaires and the FSU. Similarly in 2003, the trade union movement, which started out united against the Fillon reform with the same objective, split, the CGC and CFDT rallying to the project during its parliamentary discussion, which lasted six months. In 2010, the mobilization lasted nine months, from March to November, with 14 scattered days of action, marked by strikes and demonstrations. In 2013, the CFDT also supported the Touraine reform of the Socialist government. Since 1995, the social movement has failed to block a pension reform, except in 2020 when Macron had to postpone his reform project in the face of mobilizations and the arrival of the Covid pandemic.

This year, the period of the parliamentary debate will be reduced to 50 days, with furthermore the possibility for the government to resort to decrees and ordinances. Moreover, the government can also use article 49-3 which makes it possible to close the debates and to impose a vote of confidence. In any case, the configuration of parliamentary debate is quite clear. The Macronist minority (170 deputies plus 80 allies) can count on at least most of the deputies of the Republican group (62 deputies). The majority is 286 votes. So, there is practically no risk of rejection of the text, since the policy of the Republican leadership is to appropriate this project, which corresponds to their programme and which they have even had modified, by making it "less brutal", reducing the retirement age from 65 to 64 years old. The other oppositions, whether NUPES or RN, are totally opposed to the project but can only conduct a truncated debate.

So the remaining question is the capacity of the social, union and political movement to organize a real unitary popular mobilization, through street demonstrations, and the construction of a balance of power reflecting the hostility of the popular strata, through a movement of prolonged strikes by several sectors of the working class. This means consciously building this movement and not proposing a series of disjointed strike days. Moreover, the short period of the parliamentary debate imposes the construction of a unitary and offensive movement. The task of the hour is to create on a local level enlarged inter-union coordinating committees which can organize the convergence of the sectors on strike, unitary structures bringing together unions, associations and parties. The NUPES and the NPA have taken the initiative of organizing unitary meetings in the towns and cities. A national demonstration bringing them together will take place on January 21, two days after the first day of the inter-union strike. The quasi-general climate in the union leaderships is the refusal of union-party coordination. The great-power behaviour of La France Insoumise has not helped, since last summer, to change this climate.

It will however be necessary to succeed in building, in particular on the local level, a united front. This is all the more important since the broad scope of the trade union front is not based on a real common practice or on a common body of demands vis-à-vis the government project. The January 19 strike is already shaping up to be massive and, in several sectors, the unions are announcing a schedule of strikes that can be renewed or that will last for several days close together. This is the case for the unions in the CGT Petroleum branch (24 hours on the 19th January, 48 hours on the 26th, 72 hours on the 6th of February), unions which had already gone on strike for several weeks for wages last autumn. Olivier Besancenot, spokesperson for the NPA, also put forward the idea of several consecutive days of cross-sectoral general strike rather than a fragmentation of leapfrogging days.

It is also decisive that the mobilization should make it possible to unite around the immediate questions of wages and the cost of living and the attacks on the rights of the unemployed, linking the fight against the bill to demands against the high cost of living and targeting capitalist profits.

The last weeks of December saw, after a strike by RATP drivers, a major movement by SNCF controllers on wages and careers. Many strikes for wages have not ceased and will develop again with a new round of compulsory annual negotiations in companies. The exponential increase in energy prices and electrical supply contracts has also led, in recent days, to growing discontent, with even movements by bakers, restaurateurs, other small traders and

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craftsmen, many of whom are bankrupt or in default of payment.

The movement under construction must be able to be the framework for the expression of the growing discontent of the popular classes while advancing anti-capitalist demands and building a broad movement of support in the population. The National Rally would like to polarize this discontent while obviously refusing these anti-capitalist demands and the development of workers' strikes. There is therefore also at stake a decisive question of reducing its influence.

The construction of this prolonged movement will not take place without several industrial sectors building in a united way a relationship of forces against the government, while Olivier Véran, its spokesperson, still believes he is sure of himself, with a “stiff upper lip”. We can make wager that the coming days will show how mistaken he is.

13 January 2023

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[1] In the French system the contributions to the social security system of active workers are used immediately to pay the pensions of retired workers, rather than the accumulation of an individual “pension pot”.