

Collapse of Social Security: French Workers Confront the Neoliberal Policy Agenda

"Work Harder to Earn Less" : French Fury in the EU Cage.

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The French are at it again – out on strike, blocking transport, raising hell in the streets, and all that merely because the government wants to raise the retirement age from 60 to 62. They must be crazy.

That, I suppose, is the way the current mass movement in France is seen – or at least shown – in much of the world, and above all in the Anglo-Saxon world.

Perhaps the first thing that needs to be said about the current mass strikes in France is that they are not really about “raising the retirement age from 60 to 62”. This is rather like describing the capitalist free market as a sort of lemonade stand. A propaganda simplification of very complex issues.

It allows the commentators to go crashing through open doors. After all, they observe sagely, people in other countries work until 65 or beyond, so why should the French balk at 62? The population is aging, and if the retirement age isn’t raised, the pension system will go broke paying out pensions to so many ancients.

However, the current protest movement is not about “raising the retirement age from 60 to 62”. It is about much more.

For one thing, this movement is an expression of exasperation with the government of Nicolas Sarkozy, which blatantly favors the super-rich over the majority of working people in this country. He was elected on the slogan, “Work more to earn more”, and the reality turns out to be work harder to earn less. The Labor Minister who introduced the reform, Eric Woerth, got a job for his wife on the office staff of the richest woman in France, Liliane Bettencourt, heir to the Oreal cosmetics giant, at the same time that, as budget minister, he was overlooking her massive tax evasions. While tax benefits for the rich help empty the public coffers, this government is doing what it can to tear down the whole social security system that emerged after World War II on the pretext that “we can’t afford it”.

The retirement issue is far more complex than “the age of retirement”. The legal age of retirement means the age at which one *may* retire. But the pension depends on the number of years worked, or to be more precise, on the number of *cotisations* (payments) into the joint pension scheme. On the grounds of “saving the system from bankruptcy”, the government is gradually raising the number of years of *cotisations* from 40 to 43 years, with indications that this will be stretched out further in the future.

As education is prolonged, and employment begins later, to get a full pension most people will have to work until 65 or 67. A “full pension” comes to about 40 per cent of wages at the time of retirement.

But even so, that may not be possible. Full time jobs are harder and harder to get, and employers do not necessarily want to retain older employees. Or the enterprise goes out of business and the 58-year old employee finds himself permanently out of work. It is becoming harder and harder to work full-time in a salaried job for over 40 years, however much one may want to. Thus in practice, the Sarkozy-Woerth reform simply means reducing pensions.

That, in fact, is what the European Union has recommended to all member states as an economy measure, intended, as with most current reforms, to reduce social costs in the name of “competitiveness” - meaning competition to attract investment capital.

Less qualified workers, who instead of pursuing studies may have entered the work force young, say at age eighteen, will have subscribed to the scheme for forty-two years at age 60 if indeed they manage to be employed all that time. Statistics show that their life expectancy is relatively short, so they need to leave early in order to enjoy any retirement at all.

The French system is based on solidarity between generations, in that the *cotisations* of today’s workers go to pay today’s retired people’s pensions. The government has subtly tried to pit one generation against another, by claiming that it is necessary to protect the future of today’s youth, who are paying for the “baby boom” pensioners. It is therefore extremely significant that this week, high school and university students massively began to enter the protest strike movement. This solidarity between generations is a major blow to the government.

The youth are even much more radical than the older trade unionists. They are very aware of the increasing difficulty of building a career. The trend is for qualified personnel to enter the work force later and later, having spent years getting an education. With the difficulty of finding a stable, full-time job, many depend on their parents until age 30. It is simple arithmetic to see that in this case, there will be no full retirement until after age 70.

Productivity and Deindustrialization

As has become standard practice, the authors of the neo-liberal reforms present them not as a choice but as a necessity. There is no alternative. We must compete on the global market. Do it our way or we go broke. And this reform was essentially dictated by the European Union, in a 2003 report, concluding that making people work longer was necessary to cut pension costs.

These dictates prevent any discussion of the two basic factors underlying the pension problem: productivity and deindustrialization.

Jean-Luc Mélenchon, the former Socialist Party man who heads the relatively new Left Party, is about the only political leader to point out that even if there are fewer workers to contribute to pension schemes, the difference can be made up by the rise in productivity. Indeed, French worker productivity is among the very highest in the world (higher than Germany, for example). Moreover, although France has the second longest life expectancy

in Europe, it also has the highest birth rate. And even if jobholders are fewer, because of unemployment, the wealth they produce should be adequate to maintain pension levels.

Aha, but here's the catch: for decades, as productivity goes up, wages stagnate. The profits from increased productivity are siphoned off into the financial sector. The bloating of the financial sector and the stagnation of purchasing power has led to the financial crisis – and the government has preserved the imbalance by bailing out the profligate financiers.

So logically, preserving the pension system basically calls for raising wages to account for higher productivity – a very major policy change.

But there is another critical problem linked to the pension issue: deindustrialization. In order to maintain the high profits drained by the financial sector, and avoid paying higher wages, one industry after another has moved its production to cheap labor countries. Profitable enterprises shut down as capital goes looking for even higher profit.

Is this merely the inevitable result of the rise of new industrial powers in Asia? Is a lowering of living standards in the West inevitable due to their rise in the East?

Perhaps. However, if shifting industrial production to China ends up lowering purchasing power in the West, then Chinese exports will suffer. China itself is taking the first steps toward strengthening its own domestic market. “Export-led growth” cannot be a strategy for everyone. World prosperity actually depends on strengthening both domestic production and domestic markets. But this requires the sort of deliberate industrial policy which is banned by the bureaucracies of globalization: the World Trade Organization and the European Union. They operate on the dogmas of “comparative advantage” and “free competition”. On grounds of free trade, China is actually facing sanctions for promoting its own solar energy industry, vitally necessary to end the deadly air pollution that plagues that country. The world economy is being treated as a big game, where following the “rules of the free market” is more important than the environment or the basic vital necessities of human beings.

Only the financiers can win this game. And if they lose, well, they just get more chips for another game from servile governments.

Impasse?

Where will it all end?

It *should* end in something like a democratic revolution: a complete overhaul of economic policy. But there are very strong reasons why this will not happen.

For one thing, there is no political leadership in France ready and able to lead a truly radical movement. Mélenchon comes the closest, but his party is new and its base is still narrow. The radical left is hamstrung by its chronic sectarianism. And there is great confusion among people revolting without clear programs and leaders.

Labor leaders are well aware that employees lose a day's pay for every day they go on strike, and they are in fact always anxious to find ways to end a strike. Only the students do not suffer from that restraint. The trade unionists and Socialist Party leaders are demanding nothing more drastic than that the government open negotiations about details of the reform. If Sarkozy weren't so stubborn, this is a concession the government could make

which might restore calm without changing very much.

It would take the miraculous emergence of new leaders to carry the movement forward.

But even if this should happen, there is a more formidable obstacle to basic change: the European Union. The EU, built on popular dreams of peaceful and prosperous united Europe, has turned into a mechanism of economic and social control on behalf of capital, and especially of financial capital. Moreover, it is linked to a powerful military alliance, NATO.

If left to its own devices, France might experiment in a more socially just economic system. But the EU is there precisely to prevent such experiments.

Anglo-Saxon Attitudes

On October 19, the French international TV channel France 24 ran a discussion of the strikes between four non-French observers. The Portuguese woman and the Indian man seemed to be trying, with moderate success, to understand what was going on. In contrast, the two Anglo-Americans (the Paris correspondent of *Time* magazine and Stephen Clarke, author of *1000 Years of Annoying the French*) amused themselves demonstrating self-satisfied inability to understand the country they write about for a living.

Their quick and easy explanation: "The French are always going on strike for fun because they enjoy it."

A little later in the program the moderator showed a brief interview with a lycée student who offered serious comments on pensions issue. Did that give pause to the Anglo-Saxons?

The response was instantaneous. How sad to see an 18-year-old thinking about pensions when he should be thinking about girls!

So whether they do it for fun, or whether they do it instead of having fun, the French are absurd to Anglo-Americans accustomed to telling the whole world what it should do.

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