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French workers are fed up

The massive protests over Macron's pension reforms reflect the feeling of frustration and injustice that has spread throughout French working society

A controversial reform project has been announced by the French government. In response, hundreds of thousands across the country have taken to the streets. Ultimately, until one side wins a fragile victory, the main issue in this public debate is, who will emerge victorious from this social conflict? Many who are looking at France from the outside are beginning to feel a sense of 'déjà vu', and shaking their heads at a ritual of conflict resolution that seems unchanged for decades. The current dispute over the pension reform sought by President Emmanuel Macron, which was met with fierce resistance from the trade unions and the left-wing opposition and has triggered massive protests, fits precisely into this picture. Well over a million people took to the streets against the reform on the first day of the protest. A similar number of protesters are expected on 31 January.

At first glance, Macron's reform plan does not appear to entail any particularly drastic cuts for the French population. In order to financially stabilise the statutory pension insurance system in the medium term – for which, by the way, France also has the highest share of national economic output in Europe – by 2030, the retirement age is to be raised in several steps from the current 62 to 64. This is to be accompanied by an extension of the minimum contribution period from 42 to 43 years, which has already been initiated by François Hollande. In addition to these measures, there are to be guarantees of protection for those who receive low pensions, for insured persons who joined the labour force early and, therefore, have long contribution periods and for those with particularly stressful working conditions. So, it looks like a reform with moderate impositions and at the same time, socially sensitive compensations. Nevertheless, the traditionally quarrelling French trade unions are resolutely and unanimously opposed to this reform project and are decisively supported by all of the left-wing parties. What explains this massive resistance to the French government's reform plans? Is it only an expression of the traditional protest culture of the French labour movement, or is it based on serious and legitimate concerns?

The reasons behind the reform rejection

Five factors have incited the rejection of the reform project. *First*, contrary to the way Macron presents it, his re-election was not a plebiscite for pension reform. Macron studiously ignores the fact that he received only 27.85 per cent of the votes cast in the first round of the presidential election, in which the election programme is the primary deciding criterion. The fact that he was then able to prevail in the run-off against Marine Le Pen is mainly thanks to the votes from the left-wing camp, who wanted to prevent his right-wing extremist opponent from winning the election.

By no means can this be taken as an endorsement of Macron's socio-political election programme, as he himself admitted immediately after the election. In opinion polls, around two-thirds of the respondents oppose the government's pension project. The results of the subsequent National Assembly elections can hardly be interpreted as a plebiscite for his plans for pension reform: in fact, his *Renaissance* party lost almost half of its parliamentary seats and, together with its alliance partners, no longer has an absolute majority.

Second, trade unions and left-wing parties continue to criticise the reform project, saying that the pension system is not threatened with financial hardship, contrary to the government's justifications for its proposed reform. The reform is supposed to generate additional revenues of € 18 bn by 2030 – 4 bn of which are to be invested in compensation mechanisms. No one disputes that from 2023, there will be a deficit in the pension funds running into billions of euros for years to come. However, assessments differ as to how this deficit will affect the stability of the pension system. In its latest report, the *Conseil d'orientation des retraites*, a body made up of representatives of the government, the National Assembly and the social partners as well as experts advising the government on pension issues, forecasts an annual deficit of around € 12 to 15 bn for the years up to 2032.

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However, the report also states that there will be 'no uncontrolled increase in expenditure'. With a total annual expenditure of € 350 bn on the old-age pension scheme, the deficit ranges between three and four per cent. The share of pension expenditure in economic output will also remain relatively stable at around 14 per cent in the coming decades. This long-term stabilisation is due to two factors: on the one hand, the demographic trend in France is more

favourable than in other EU countries and, on the other hand, reforms that were launched earlier will mean that by 2038 the actual retirement age will be just under 64 years on average. From the trade unions' point of view, the future of the pension system is therefore not really at risk.

Third, the reform leads to an unequal and unfair distribution of burdens. It is exclusively the active employees who are being asked to make sacrifices in order to stabilise the pension system by postponing the retirement age. However, no contribution will be demanded from companies, nor from the current pension recipients. The trade unions are particularly infuriated that simply raising the minimum retirement age from 62 to 64, while maintaining the current contribution period, will affect predominantly the socially disadvantaged groups of workers. Since the rules currently in force for drawing a pension without deductions require a minimum age of 62, as well as 42 (or, starting in 2027, 43) years of contribution periods, qualified and/or better-paid workers who entered the labour market relatively late are already leaving significantly later than at 62 years of age, even without reform.

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Raising the minimum retirement age to 64 will change little or nothing in their situation. On the other hand, the situation is very different for those who enter working life early and often have tough working conditions. Only for these workers does the planned reform mean a postponement of the actual retirement age and an extension of the contribution periods. Even if the government has provided compensation schemes for those who entered the job market particularly early, the burden of the reform would be concentrated primarily on precarious workers, women and workers in the lower middle class. This is where the unions are drawing a red line.

Fourth: Macron's plans have also been criticised for exacerbating existing labour market problems. While Macron's reform project, which focuses on short-term savings, would quickly bring the pension funds back into balance, it would cause considerable problems elsewhere. The main problem with the French labour market, with negative effects on the pension system, is the precarious situation of the older workforce. Already, a significant proportion of older workers are either long-term

unemployed or disabled before retirement.

The state research institute DREES estimates that this accounts for 40 per cent of older workers. Accordingly, the employment rate for 55- to 64-year-olds in France in 2021 was only 56 per cent (compared to just under 72 per cent in Germany) and that for 60- to 64-year-olds was only 33.1 per cent. The reason for this low employment rate lies in the interplay of various factors: discriminatory personnel policies, deficits in the prevention of work accidents and workload, as well as deficiencies in training and further education. Without targeted and effective measures to increase the employment rate for older workers, the increase in normal working hours would lead to a significant increase in unemployment and health insurance expenditure. According to different estimates, the income expected from the pension reform would be eaten up to a considerable extent by additional social expenditure for recipients of unemployment and health insurance benefits.

Alternative ways

Fifth: the criticism of the proposed reform does not go so far as to say that everything should remain the same. Of course, the French trade unions have no interest whatsoever in a pension system that is running a deficit. They have therefore made their own reform proposals to compensate for the revenue deficits expected in the coming years. In doing so, they are relying on a mix of financial and labour policy instruments without any adjustment to the retirement age. A first option would be to raise taxes or contributions. An increase in the contribution rate by 0.8 per cent alone would generate revenues of € 12 bn.

The trade unions see another starting point in education and labour policy. As mentioned above, they have set their sights on the extremely low employment rate of older people. Targeted measures for qualification, occupational health and safety prevention, the adjustment of personnel policy and the improvement of working conditions are intended to provide positive incentives for longer periods of employment. Laurent Berger, General Secretary of the French Democratic Confederation of Labour (CFDT), which is considered moderate, has pointed out that simply raising the employment rate for 60- to 64-year-olds from 33 to 45 per cent would be enough to offset the expected deficits in the pension system.

The government's pension reform will not prevent right-wing populism from

What follows from this? In the French pension dispute, two worlds with fundamentally different realities of life are colliding. The massive protests by the trade unions reflect the

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feeling of frustration and injustice that has spread throughout French working society. This feeling of injustice is not only rooted in the current socio-political context, which is characterised by inflation, but also the post-pandemic trauma and the crisis in public services (schools, health system, transport) which the French are experiencing with great concern. Notably, it is also fed by concrete experiences in everyday working life: in many areas of employment and the living environment, French working conditions are far below European standards, whether in terms of health protection at work or in further training.

In addition, there are rigid hierarchies and a vertical management culture in the companies, as well as a growing feeling on the part of workers that their job performance is not recognised. This is the background to the bitter workers' opposition to the government's reform plans. If they lose this confrontation, the camp of self-perceived 'losers in modernisation' will only get bigger – with serious consequences for the political system. If the trade unions' analysis has produced one point of criticism that should make the government stop and think, it is this: the government's pension reform will not prevent right-wing populism from entering the Elysée Palace, but will in fact make it even more likely.



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