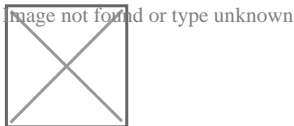




France: A 'Field of Ruins'

Description



France, once again, is on the verge of chaos. The French pension system is not the only system collapsing. The country is facing a much larger crisis. Pictured: Rioters in Nantes, France, on March 28, 2023. (Photo by Sebastien Salom-Gomis/AFP via Getty Images)

Paris, France. March 23, 8 p.m. A demonstration took place; as usual now, riots followed the demonstration and swept through the center of the city, then to other cities. Cars were burned, shop windows smashed, garbage dumpsters set on fire. A garbage collectors' strike began two weeks earlier; nearly ten thousand tons of garbage, still strewn on the sidewalks, almost completely block some streets. The proliferation of rats threatens disease. Oil refineries are shut down; gas stations are running dry. More demonstrations took place March 28 — and more riots.

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The subject of the discontent is the adoption of a law reforming the pension system in a minimal way: the legal retirement age in France has been set at 62 since 2010; the law raises it two years, to 64.

As soon as the law was presented by the government, all the trade unions called for strikes. Philippe Martinez, general secretary of the General Confederation of Labour (CGT), a union with communist roots, said that a compromise with the authorities is "not an option". Leaders of the leftist railway workers' union, vowed to bring the French economy to its knees. Jean-Luc Mélenchon, the leader of Rebellious France, the main left-wing party in France, told his followers: "Block everything you can". Members of the rightist National Rally were essentially on the same position as Rebellious France: a year ago, they campaigned for the retirement age to be set at 60.

Neither members of the government nor economists on television dare to speak the truth: The French pension system is collapsing. The reform just adopted will not be enough to save it; just allow it to

survive a bit longer.

The system, created in 1945, is essentially a system of redistribution: mandatory contributions deducted from the salaries of today's employees are used to pay the pensions of today's retirees; today's employees rely on future contributions that will be deducted from the salaries of people employed at the time they retire. It seemed, when it was created, that the system could work: the ratio then was five employees per retiree. Life expectancy in France then was 65 years (68 for women, 63 for men). The retirement age was set at 60. On average, pensions had to be paid to retirees for only five years.

If, however, the ratio of employees per retiree decreased and life expectancy increased, the contributions paid by the employees would have to increase until reaching unbearable amounts. After the post-war baby boom, the number of children per woman fell, and the ratio of employees per retiree fell as well: today there are only 1.7 employees per retiree. Life expectancy in France has increased to nearly 82.5 years (85.3 for women, 79.4 for men). On average, pensions must be paid to retirees for more than 20 years.

The system has been bankrupt for years, but its bankruptcy is growing more costly.

The French government is in a situation where it had to "do something." Raising taxes to partially offset the deficit of the pension system is effectively impossible: France already has one of the highest tax burdens in the developed world (45.4 percent of GDP); at the same time, the country's economic competitiveness is crumbling. French public expenditures are already the highest in the developed world and increasing. Increasing taxes would mean further crushing the taxpayers and indebting the country. Reducing public spending would imply cuts to welfare spending (a third of public spending), but a large part of the benefits paid go to immigrant and non-integrated populations in the "no-go zones." The cuts would trigger the risk of even more violent uprisings.

The budgets of successive French governments have been in deficit every year since 1970; the country's debt has reached alarming levels. The French debt to GDP ratio reached 100% in December 2019. It now stands at 113.7%.

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The French health insurance system, also based on mandatory contributions deducted from salaries, also is in terrible shape. The decline in the ratio of workers to retirees and the increase in life expectancy similarly cause public healthcare expenditures to increase faster than the sum of contributions, and the system is in increasing deficit. In 2000, a socialist government created a state medical benefit, which finances "free" medical care for illegal immigrants in France – a benefit further skyrocketing the deficit.

Food prices in 2022, meanwhile, increased 14.5%. The French standard of living is deteriorating.

In the face of a crime wave, insecurity is sharply rising. The number of assaults increased by 33% percent between January 2017 and January 2022. Last year, the number of rapes reached an alarming figure, 84,500, an increase of 11% compared to 2021.

According to surveys, the French population is the world's most pessimistic. A poll published in March 2021 indicated that only 9% of French people thought the economic situation had a chance of improving (the figure for Mexico, where the situation is far more difficult than in France, was 46%; for India, 62%).

The crisis that France is going through is also a political one. In May 2017, Emmanuel Macron was elected president — not due to the enthusiasm of voters for his program, but due to their rejecting his opponent, the National Rally party leader Marine Le Pen, whom Macron had described as an incarnation of fascism and as a dangerous extremist. Macron had formed a party by gathering around him the main political leaders of the center left and center right, “The Republic on the Move”. Having thus destroyed the center-left and center-right parties that had ruled the country for decades, he easily won election by an overwhelming majority.

Before 2017, he had declared that workers in a factory about to close were “illiterate”, and spoke of the difference between “those who succeed and those who are nothing”. Even after becoming president, he showed contempt for the poor: “Some are concerned about having end-of-the-month problems”, he said, but he takes care of problems concerning “the end of the world”. In November 2018, he was confronted with a revolt — the “yellow vests” (gilets jaunes) — largely motivated by the anger that many French people felt towards him and rising fuel costs. Portraits of Macron were burned in the streets; effigies of Macron were hanged and trampled on.

Macron responded to the uprising with fierce police repression. Police threw sting-ball grenades into crowds and fired rubber bullets at close range. Hundreds of demonstrators were wounded, dozens mutilated with the loss of an eye, hand or foot. The uprising, which lasted for months, was followed by a long public transportation strike along, of course, with riots.

Calm returned only in March 2020 with the outbreak of the Covid-19 pandemic — and with extraordinarily strict lockdown rules by the government. The French were forced to stay in their homes for weeks and only allowed out for one hour a day, at a maximum distance of half a mile. They also had to have on them a document indicating their address and the time at which they left their house to present to the police, if asked.

When vaccines became available, freedom of movement was gradually restored, but only for vaccinated people, who at all times had to carry a vaccination passport to enter shops, restaurants and all administrative services. These restrictions were lifted only a few weeks before the presidential election.

In May 2022, Macron was re-elected by the voters' rejection of Marine Le Pen. The abstention rate was unusually high.

In the parliamentary elections that followed the presidential election, the party created by Macron (now called Renaissance) obtained only a thin majority, making it harder to pass laws.

Macron evidently saw that modifying the pension system was an imperative. Rather than trying to convince his opponents, he decided to use Article 49.3 of the French constitution, which allows a law to be passed without being debated, by asking parliament to vote for or against the government. The pension law, though controversial, was passed, but with disorder sure to follow.

The anger that had been silenced by lockdowns and police repression two years earlier resurfaced. Polls show that 68% of the French disapprove of the reform.

Macron has reacted the same way as when he faced the uprising of the yellow vests. On March 22, he said that the street will not dictate his political agenda, and again resorted to fierce police repression.

He seems to fear that if he gives in and abandons his latest reform, he will be extremely weakened. Carrying out any other reforms during the rest of his presidency would be impossible. Clearly, he does not intend to give in. He also seems to understand that without reform to extend the retirement age by two years, France could find itself in insolvency fairly fast.

Macron likely also fears that if he decides to dissolve the National Assembly and call for new parliamentary elections, he would not again win a majority giving him more freedom of action. The center-left and center-right parties are dead. Neither the Rebellious France Party nor the National Rally Party would be able to gather enough votes to constitute an alternative majority. The political situation is blocked.

Commentators with access to Macron say he hopes the crackdown will be enough to push protesters into giving up. That response, however, is not what happened in 2020. And this time, there is no pandemic to confine the population.

France seems deadlocked, the possibilities of unblocking it nowhere in sight.

Vincent Trémollet de Villers, opinion page editor of the daily Le Figaro, on March 23 described France today as a “field of ruins”, adding:

“A modest reform based on an implacable demographic observation has tipped France into an existential crisis in which everything is wavering... A much deeper malaise is rising to the surface. That of a country haunted by its decline”.

“Have we hit rock bottom?” [asked](#) journalist Franz-Olivier Giesbert. “No, not yet.”

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