



*CHRONICLE OF THREE
YEARS OF STRUGGLE OF
THE SOCIALIST DEPUTIES*

*PENSIONS: A FAIR REFORM, NOT
JUST A REFORM.*

BY BORIS VALLAUD, ON 10 . 01 . 2020
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PENSIONS: A FAIR REFORM, NOT JUST A REFORM.

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NB: These proposals are based on the ROC's projections prior to the VIDOC crisis and will need to be updated at a later date.

After nearly three years of so-called consultation, following an unprecedented social movement and a hidden parliamentary debate, the COVID crisis seems to have temporarily overwhelmed a government pension reform that no longer had any support.

Another reform was, in fact, possible, free from immediate financial considerations, guided by the sole concern of justice and dignity. Justice and dignity in working life as well as in retirement. Justice and dignity for difficult careers, for minced and incomplete careers, for the working poor, for women and mothers.

Another reform taking the measure of the changes at work in the labor market, putting prevention and compensation for hardship at the heart of the reform, guaranteeing everyone, especially the most precarious, a dignified retirement in the long term, working to restore equality between men and women in both career and retirement, thinking, finally, of the link, damaged by the recent reform of unemployment insurance, between working life and life in retirement, because the best pension is always built in the best career.

Another reform based on the three principles of justice, dignity and prevention.

I- PREVENTION AND REPARATION OF HARDSHIP AS A CONDITION OF JUSTICE

How can we fail to see, in the consideration of hardship, the very condition for a just reform? How can we claim that a euro with contributions will produce the same entitlements without

take seriously into consideration the inequality of life expectancy and consequently the time spent in retirement? There is a six-year difference in life expectancy between an executive and a worker, thirteen years even between the richest 5% of the French and the poorest 5%.

By putting an end to the Personal Toughness Prevention Account (C3P), in 2017 the government has eliminated four particularly relevant criteria: carrying heavy loads, awkward postures, mechanical vibrations and chemical risk. In practice, their elimination has excluded from the consideration of arduousness the bulk of employees in the construction and public works sector, a large part of those in industry, cashiers and handlers in logistics and distribution. Restoring them is a necessity, just as it is imperative to put the prevention of drudgery at the heart of our requirements. Reparation is only half justice, true justice lies in reducing differences in life expectancy, in the prevention of occupational diseases, in taking into account psycho-social risks, in understanding all the issues of aging at work. A fair system is a system that prevents as much as it repairs. This implies the definition and implementation of ambitious public policies and the involvement of companies. Nothing therefore justifies the financing of the current system by the "accidents at work" branch rather than by an employer's contribution that encourages risk reduction.

The reinstatement of the four criteria of arduousness removed will ensure that no job is excluded and that everyone can, depending on the arduousness of his or her job, enjoy new rights: access to qualifying vocational training allowing retraining, move to part-time work at the end of one's career with no reduction in pay, or retire early.

This primarily involves removing or doubling the cap on cumulative entitlements to allow not only for part-time departures, but also to allow for early departures. Today, in fact, one cannot retire early more than ten quarters before meeting the conditions for retirement. These rights must be removed, which could allow those who have had careers almost entirely spent in arduous jobs to be able to leave five years earlier.

The taking into account of arduousness, in terms of reparation and prevention, must be done according to a mechanism negotiated by the social partners, who will determine the practical modalities, both at the level of the branch (in order to take into account the data observed profession by profession in order to objectify arduousness) and at the level of the company, which is primarily responsible for the health of its employees.

Such a system must involve companies and be based on a basic employer contribution and an additional contribution at company level modulated according to risk exposure and prevention efforts made. The social partners will decide

terms and conditions. The financing of the hardship could be supplemented by increasing the non-contributory contribution share of the highest income earners with the highest life expectancy (the government has decided exactly the opposite by reducing the contributions of the richest by lowering from 27,000 euros to 10,000 euros the contributory share subject to the 28.1% rate). In addition, a system of over-amortization of investments linked to the prevention of arduousness and support for ageing in the workplace appears to be a particularly suitable tool to assist companies. Finally, let us open negotiations without delay on the quality of life at work and ageing in the workplace with a view to a national interprofessional agreement.

To be completely complete, in the interests of justice and equity, for those who would not be affected by the reform but who have been exposed to arduous working conditions during the already accomplished part of their career, they must be given the possibility of leaving early, even though the exposure to arduous working conditions could not be entered in their arduous account. A "stock measure" is needed. Equality requires a measure for the older generations and not only for future generations.

II- DIGNIFIED PENSIONS THROUGHOUT THE RETIREMENT PERIOD

The second principle of the reform must be that of the dignity of pensions. End 2016, 31 % of retirees (38% of women and 23% of men) received a total pension of less than or equal to 1,000 euros gross per month as a result of chopped and incomplete careers. While priority must be given to managing professional transitions and combating job insecurity, in contrast to the choices made by the government, it is important to improve the situation of the most vulnerable. Three types of measures can be considered as levers on which to play.

The first is the reduction in the number of hours worked required to validate entitlements. Today, it is necessary to have worked at least 150 hours at the level of the Smic to validate a quarter, which creates an ambivalent situation. This means that you don't create any entitlement below this level, but it also means that for one month worked, you earn two. Entitlements could be opened from the first hour worked while still maintaining the threshold of 150 hours worked to validate a quarter. This would make it easier for employees with short working hours, especially part-time work, and/or low income to acquire pension rights.

The second measure consists in modulating the calculation of pensions according to income levels, the average calculation could remain on the basis of the best 25 years, but be modulated: taking into account over the entire career for very high incomes on the one hand, taking into account the best 10 years for incomplete careers on the other.

The third measure aims to establish a guaranteed minimum contribution at the level of the poverty line, i.e. a minimum of 85% of the minimum wage - this is, indeed, a necessity. All the oppositions have been calling for it since the beginning of the quinquennium with regard to agricultural pensioners. To guarantee the fairness of the system, it is also necessary to guarantee a high replacement rate for low incomes ranging from 100% at the level of the Minimum Wage to

75% at 2.5 Smic. This measure seems all the more justified since recent gains in purchasing power have been obtained via the activity bonus rather than by an increase in salaries, yet the activity bonus is not taken into account in the calculation of the pension, insofar as it does not give rise to contributions.

These different measures should allow more redistribution between linear and ascending careers without penalizing the latter in too mechanical a way.

As regards the situation of polypensioners, their situation has already been greatly clarified since July 1, 2017, since they have the possibility to liquidate their pension with the last affiliation scheme, i.e. to accumulate the rights acquired in two or three of the so-called "aligned" basic schemes and receive a single consolidated pension. Let's open a dialogue to pursue the progressive alignment of all the basic schemes, especially for the liberal professions and self-employed persons, in order to move towards a single liquidation of all the schemes and thus facilitate professional mobility. This transition, negotiated by the social partners, could be financed by the various pension reserve funds.

The dignity of pensions must also be assessed over time. Simulations by the Conseil d'orientation des retraites (COR) show a decline in the pension replacement rate by 2040. In the private sector, which currently stands at 75%, it is expected to fall from 17% to 22%, which corresponds to a drop in the standard of living of retirees, which is currently almost equal to that of working people. The relative standard of living of retirees would fall back to the level it was in the 1980s.

The reform, as envisioned, a government that (at best) caps at 14

The share of pension expenditure in GDP does not solve anything because the number of pensioners will continue to grow. There is even a risk that, at the end of the transition period, and as a result of the frantic search for cost-saving measures, replacement rates will fall even further than the ROC forecasts. It seems inconceivable to dodge this debate, as the government is doing today, on the evolution of the standard of living of retirees. Just as it is not possible to dodge the issue of financing the pension reform.

If there is one golden rule that could be set, it is that of parity in the standard of living between the active and inactive for the lowest incomes, for example up to 2 or 2.5 Smic. For the rest of the retired population, let us open the debate on the evolution of replacement rates and on the redistributiveness of the system. The debate on the "right balance" of living standards between active and inactive people can be conducted with sincerity and transparency.

Equity and justice come at a cost, even if they do not dispense with reflection on the necessary redistribution of the system or on replacement rates based on income. A debate should be opened on their financing, which some people are already proposing, by laying down a few simple principles such as equalizing the taxation of capital and labor (the contribution of financial income to the financing of pensions at the same rate as that of employer contributions in the private sector - 8% - could represent 30 billion in revenue) and taking into account all income (income from work, financial income and possibly replacement income so that it opens up pension entitlements) for truly universal financing and slightly reducing the regressivity of pension contributions. Moreover, it would be advisable to reconsider, as the Socialist Group proposed during the examination of the last finance bill, the threshold for reducing social security contributions by reducing them to two minimum minimum wages. Finally, the use of part of the resources allocated to the Cades from 2025 onwards for nearly 20 billion euros per year or the use of pension reserve funds offer important financing possibilities. In short, there are many ways to avoid an increase in the contribution rate on the active population (currently between 28-30%).

III - THE BEST OF CAREERS TO PREPARE THE BEST OF PENSIONS

We don't want a pension system that simply repairs the damage of the government's employment policy. Indeed, how can we fail to consider the close link between the government's pension reform and that of unemployment insurance and therefore conceive of one without drastically reconsidering the other? A reform of unemployment insurance, adopted without the social partners and without parliamentary debate, which the government claimed without blinking an eye that it was a reform of progress, even though it makes 40% of the unemployed who receive benefits lose out?

The government's pension reform in itself undermined the pension rights of job seekers simply because the reform of unemployment insurance contributed to making many job seekers more precarious by tightening the conditions for entering the system, in order to maintain or reload their rights. By calculating pension rights over the entire career, including periods of unemployment, and no longer only over the best 25 years, those rights will be mechanically reduced, especially since the acquisition of points will in future be based on the Return to Employment Allowance (ARE) and no longer on the last salary paid. And what about the consequences of the pivot age for the unemployed who reach the age of 62? They will be severely penalized, without the possibility of prolonging an activity, they will see their retirement, which we imagine already modest, thus cut by 10% ...

It would be impossible to think of a pension reform without its articulation with unemployment insurance, without an in-depth reflection on the management of professional transitions as well as on the quality of the jobs created, which the government does not do, or certainly not in the direction of justice and progress.

A pension system cannot have the sole ambition of correcting the consequences of minced careers and mini-jobs made possible by employment policies that are less protective of workers. What system would claim to provide flexibility in working life and security in retirement?

In the same way, the question of employment of older workers can only be a prerequisite for reform and certainly not a hypothetical future project, a fortiori in the case of the reform presented by the government, whose intention is to make the working population work longer. Between 55 and 64 years of age, in fact, only 53% of French people are employed, and this employment rate does not even exceed 30% for those aged 60-64.

We cannot accept to back our pension system with the vision that the current majority of the labour market has of it and that has been transpiring for the past two years in the liberal reforms that the government has carried out. It is imperative, therefore, to renegotiate the reform of the unemployment insurance system in order to make career paths more secure.

Because the best pension is always built from the best career, it is a continuity between the two that we must think about. The Personal Activity Account, which is buried by the current majority and was designed in the spirit of Alain Supiot's work, can be one of the appropriate tools for managing professional transitions, taking into account life expectancy, activating gradual retirement, mobility between schemes, and accounting for hardship.

IV - WOMEN'S RIGHTS: EQUAL IN CAREER, EQUAL IN RETIREMENT

How can we fail to consider that women's pensions are, once again, a reflection of their careers and the discrimination to which they are subjected? The 42% pension gap between men and women, about 800 euros, is a fairly clear reflection of this. Once again, it is not enough to make amends; it is women's careers that must be addressed, because there is no reason why national solidarity, or our contributions, should finance the cost of discrimination in the job market, in career development and in wage policies. What the government has undertaken from this point of view, following on from what has been undertaken since 2012, is a step in the right direction. But it is undoubtedly necessary to go much further, to link the level of contributions to the old-age insurance of companies to objectives of equal pay and to institute paternity leave so that women alone no longer have to bear the "maternity risk" - the formula is abhorrent - the "maternity risk". This paternity leave was refused in Brussels by President Macron a few months ago... It is a social emergency and an imperative of equality when one considers that the fall in salary income for women persists for at least ten years after the first child. In order to ensure equal pensions for men and women, careers must be equal. Dissociating pension reform from gender equality is again missing the point.

While the situation of women in retirement must be improved now, special attention must be paid to family benefits, such as survivors' pensions. Today, pension increases when one has had children are proportional to income (10% for 3 children, 5% for children from the 4th). They could be replaced by a lump-sum increase from the first child, so as not to exclude many mothers. Moving from a proportional increase to a flat-rate increase would allow for more redistribution and more justice. This increase would systematically benefit the mother, unless, for example, the family court ruled otherwise. As for the survivor's pension, it should be maintained at age 55 and not increased to age 62 as suggested in the government's proposal. In addition, it should continue to benefit divorced women (which the executive reform unjustly provides for) and should also benefit PACS couples. Finally, in the interests of justice and equality, the rules applicable to the public and private sectors must be harmonized to maintain the surviving spouse's standard of living.

V - SPECIAL SCHEMES IN GENERAL AND THE PUBLIC SERVICE IN PARTICULAR

As for the special schemes, they concern both fewer and fewer workers (barely 3% of the working population) and converge, in the rules governing them, with those of the general scheme. This is notably the case of the special scheme for railway workers, which was reformed in 2008 and 2011 and now requires employees born after 1973 to contribute for 43 years in order to receive a full pension, as well as a regular increase in the contribution rate for employees in the special scheme until 2026. Finally, a discount/surcharge mechanism encourages employees to retire later: the average retirement age over the period 2025-2060 will therefore be 61 years. To be completely complete and to underline the extent to which agitating the special regimes like a rattle is a deception on the part of the government, since the status of railway workers has been abolished, no one will now enter the special regime.

This leaves the situation of civil servants, whose current retirement age (excluding police and military) is slightly higher than in the private sector. The slightly higher level of pensions is matched by slightly lower remuneration during working life. This may appear to some to be a consideration of another age, or it may be semantic, but civil servants do not receive a salary, but a salary, paid after service as compensation for performing a public service mission. The unification of the statutes - particularly, in this case, the abolition of the pension scheme for civil servants - raises a fundamental question that cannot be dissociated from the recent reform of the civil service. It could even, in the government's view, be an extension of it, guided by the precepts of new public management aimed at weakening the very status of the civil service, if it does not put an end to it. The reform voted a few months ago, against the unanimous opinion of the unions, opens up the possibility of recruiting contract workers in place of the civil service.

public servants. According to the General Directorate of the Civil Service, at its hearing before the Council of State in the preparatory phase of the bill, the proportion of contract workers could even reach 40%. It is feared that the unification of the regimes will be an opportunity for the executive to further weaken the status of the civil service and to substitute contract workers for civil servants. It is symptomatic, moreover, that President Macron insisted, with regard to the military, on the "salary" nature of their remuneration during his recent visit to our troops in Mali, as they are among the civil servants who precisely will not be affected by the pension reform. It is curious that this question has never been raised in the debate on pension reform, even though it is clearly necessary.

If a unification of pension schemes were nevertheless to be decided upon, the path of convergence around a basic scheme, improved according to the principles mentioned above, and the institution of a complementary scheme in the private sector's Agirc-Arrco mode, as suggested by several economists recently, deserves to be considered with interest, especially since the additional civil service scheme (RAFP) has existed since 2005. Nevertheless, this hypothesis raises the question of the evolution of the size of the public service, and it must be agreed, to be deplored, that the government's forced policy of eliminating public service positions is a difficulty. This would, however, avoid the impossible convergence proposed by the government which, despite promises to increase teachers' salaries, may soon find itself facing an impasse in the financing of this alignment of schemes or attempt to put in place counterpart measures that would not be admissible, in terms of mobility, service obligations, working time, leave or downsizing. Local authorities could also find themselves caught in a deadlock between the need to raise the salaries of their employees and the need to manage changes in their operating budget. Like the bourgeoisie of Calais, with a noose around their necks, they will return the posts they can no longer finance to ensure a quality public service...

VI - GOVERNANCE: REINFORCING PARITARISM

The governance of the pension system must allow paritarianism to flourish, as is the case today between the basic and supplementary schemes, with, in the end, a balanced system strongly inspired by the Bismarckian system which leaves a large place for the social partners. In the logic of social insurance, the social partners must, in fact, remain the main drivers of the system, all the more so as the share of social contributions remains the overwhelming majority in the financing of pensions. It is therefore unacceptable that the government should have the last word in everything, for example by offering to negotiate with the social partners, while at the same time dictating the solution, as happened at the time of the reform of unemployment insurance. We are, of course, in a

At a time that calls for a new democratic vitality, social democracy must have an essential place in it. This is not the time for recentralization and social Jacobinism, an intrinsic risk in the disappearance of complementary regimes.