

Retirement in France in the Early Twentieth Century: From Suspicion to the "French Model"

Elise Feller

L.A.S.M.A.S. (C.N.R.S. / E.H.E.S.S.)

Although the demographic transition with its proportional increase in the number of the elderly occurred early in France, in general the French, while obsessed by the fear of demographic decline, have paid little attention to the elderly. There is, however, one question related to old age about which feelings run high in France: retirement. The long railway workers' strike of 1995 that caused Prime Minister Alain Juppé to back down from proposed reforms concerned disputes over their retirement system, and despite the inconvenience of doing without public transport in the middle of the winter, a substantial segment of public opinion stood with the strikers. In 2003, the announcement of the Raffarin government's proposed reforms set off massive protests, particularly among teachers. Because these reforms did not address the heart of the problem – paying for the pensions of an aging population – the question will probably continue to generate debate for the foreseeable future. Laurent Fabius, a possible 2007 presidential candidate, has already announced that he will abrogate the 2003 measures.

The historian attempting to understand, and perhaps to explain, this debate runs up against a paradox. On the one hand, France was among the last industrialized states to

institute a general retirement system.¹ Germany began to establish such a system at the end of the nineteenth century with Bismarckian social legislation;² Great Britain with the laws of 1908 and 1925,³ and the United States with the Social Security Act of 1935.⁴ In France, however, neither the 1910 law, nor the *Assurances Sociales* of 1928-1930 succeeded in establishing an effective national system.⁵ Despite the creation of a social security system in 1945, it was not until the 1950s and 1960s that retirement pensions completely replaced aid to the elderly.⁶ The French case clearly shows reluctance, even refusal, to adopt the new social tool of a universal retirement system. This resistance was widespread in 1910 and still powerful in 1928, and it stemmed as much from workers as from business owners. On the other hand, however, French wage earners today are so strongly attached to their retirement system that they react viscerally whenever it is called into question. Many

¹ Lucy apRoberts and Emmanuel Reynaud, *Les Systèmes de retraite à l'étranger* (Paris: I.R.E.S., 1992).

² Sandrine Kott, *L'Etat social allemand. Représentations et pratiques* (Paris: Belin, 1995); and Christoph Conrad, "La Naissance de la retraite moderne: l'Allemagne dans une comparaison internationale (1850-2000)," in *Regards croisés sur la protection sociale de la vieillesse*, eds. Françoise Cribier and Elise Feller, special issue of *Cahier d'Histoire de la Sécurité sociale* 1 (2005): 139-84.

³ John Macnicol, *The Politics of Retirement in Britain (1878-1948)* (New York: Cambridge University Press, 1998); and Pat Thane, *Old Age in English History* (New York: Oxford University Press, 2000).

⁴ Andrew Achenbaum, *Old Age in the New Land: The American Experience since 1790* (Baltimore: Johns Hopkins University Press, 1978); and Lucy apRoberts, *Les Retraites aux Etats-Unis. Sécurité sociale et fonds de pension* (Paris: La Dispute, 2000).

⁵ Bruno Dumons and Gilles Pollet, *L'Etat et les retraites. Genèse d'une politique* (Paris: Belin, 1994).

⁶ Elise Feller, *Histoire de la vieillesse en France, 1900-1960. Du vieillard au retraité* (Paris: Seli Arslan, 2005).

commentators accuse them of being incapable of reform, willing to go to any length to preserve their retirement privileges.

How should we interpret this paradox? How did France move in fifty years from the suspicious denunciation of retirement as a "scam" to acceptance and a stubborn defense of an essential "social right"?⁷ This essay takes on this paradox by examining crucial moments in the development of what has been called the "French model of retirement." I begin with the misunderstanding and disappointment caused by the 1910 law on *Retraites Ouvrières et Paysannes* (ROP; Worker and Peasant pensions). I then turn to the system of state pensions, which, after their reformulation in 1924, became the model for the upper ranges of wage earners. Finally, I examine how the 1941 *Allocations aux Vieux Travailleurs Salariés* (AVTS; Payments to Former Wage Earners) extended the concept of old-age retirement into the working class. These 1941 measures linked retirement to the republican notion of "social debt" and to a pay-as-you-go logic and succeeded in making retirement a part of mainstream French life.

1910: The failure of Worker and Peasant Pensions or the missing wage-earners

In 1910 when the law on *Retraites Ouvrières et Paysannes* (ROP) came into force, there were already several old-age protection measures in place, at least for certain segments of the population. The state provided pensions, albeit parsimonious ones, for veterans and former

⁷ Confédération générale du travail, "Contre l'escroquerie des Retraites Ouvrières" (n.d. [1911]).

civil servants.⁸ Mutual aid societies encouraged saving for retirement among those able to do so but were unable to provide substantial pensions.⁹ Businesses that were the most concerned with recruiting and retaining a highly skilled and specialized work force, such as in mining, transportation, and metallurgy, created management-directed retirement schemes.¹⁰ Yet these measures affected only a small percentage of the total workforce: 660,000 out of eleven million, or just five percent of the total work force, including domestic servants. In order to redress the poverty that afflicted the many elderly in both rural and urban areas who had no pensions, the radical Republic instituted a program of compulsory assistance to the indigent elderly. This 1905 law significantly influenced later developments in the protection of the elderly.¹¹

Given these sparse provisions for the elderly, the 1910 law was a major step in which reformers invested significant hope and effort. The law instituted an obligatory retirement system that relied on double contributions, from wage-earners and from their employers, for about twelve

⁸ Guy Thuillier, *Les Pensions de retraite des fonctionnaires au XIXe siècle* (Paris: Association pour l'Histoire de la Sécurité Sociale, 1994).

⁹ Michel Dreyfus, Dominique Durand, and Yves Saint-Jours, *La Mutualité, histoire, droit, sociologie* (Paris: Librairie générale de droit et de jurisprudence, 1990).

¹⁰ Francis Netter, "Les Retraites en France au cours de la période 1895-1945," *Droit social* (July-Aug. 1965): 448-55 and (Sept.-Oct. 1965): 514-26; idem., "L'histoire des retraites. Les non-salariés," *Droit social* 1 (Jan. 1967): 45-51; and Anne Reimat, *Les Retraites et l'économie. Une mise en perspective historique, XIXe-XXe siècles* (Paris: L'Harmattan, 1997).

¹¹ Elise Feller, "L'assistance républicaine aux vieillards, de l'Assistance Obligatoire (1905) au Fonds National de Solidarité (1956)," *Bulletin d'histoire de la Sécurité Sociale* 38 (2000): 4-39.

million workers and peasants who earned less than 3,000 francs per year. Recipients' state-guaranteed pensions began at age sixty-five, lowered to sixty in 1912. Small farmers, artisans, or shopkeepers could also opt into the system.¹²

Despite the ambitious scale of the project, it provoked resistance from several directions, some of them unexpected. Often, those whose opposition was least anticipated proved the most decisive. Historians often refer to the mistrust of organized labor, and it is true that the Confédération Générale du Travail (CGT) called on its members to boycott the system of "retirement for the dead." The CGT believed that sixty-five was far too late for workers to claim their pensions and feared that speculators, rather than workers, would profit from the investment of worker contributions. The union also insisted that the administrative framework of the system, especially the identification cards in which workers would paste stamps to mark their contributions, was reminiscent of the worker *livrets* (passbooks) that had previously served to control workers' private lives and employment trajectories.¹³ Outright worker hostility was limited to a few regions like the Nord, however, and the retirement scheme divided the workers' movement. Jean Jaurès opposed Jules Guesde and supported the system. In 1912 when the age threshold was lowered to sixty and flexible arrangements for those in their late fifties were introduced, opposition died down and workers did join the scheme en masse.

Management hostility was also not responsible for destroying the scheme. In large firms that already had a

¹² Dumons and Pollet.

¹³ Gérard Noiriel, "Etat-Providence et 'colonisation du monde vécu': l'exemple de la loi de 1910 sur les retraites ouvrières et paysannes," *Prévenir* 19 (1989): 99-112.

retirement plan, shifting over to ROP was relatively simple. Prefects found it more difficult, however, to institute the new retirement system in firms with low-skill workforces that were often temporary and largely female, such as in the textile industry. The greatest resistance came from small firms and in agriculture where the distance between management and labor was small and, indeed, the two were often interchangeable: the son of a peasant landowner might take a factory job for a while before returning to the family farm and becoming an employer of temporary seasonal labor.

Small firms, shops, farms, workshops, and even small municipal administrative offices rejected the law. For example, the municipal council of Coulours in the Yonne, which should have set an example by enrolling its staff in ROP, maintained instead that the "the telephone operator, the hearse driver, and the town-crier's annual wages of 220 francs, 60 and 45 francs [were] supplemental to their income from their other professions (inn-keeper, saddler, farmer)" and that therefore "they should be considered optional participants (since they are small employers) who cannot be required to participate" in the ROP.¹⁴ In fact, Coulours' saddler, who also worked as the municipal hearse driver, might very well have employed the occasional assistant who would otherwise be a farmer or a market vendor. The law imagined a stable, permanent, wage-earning class, a situation which reflected neither the reality nor the aspirations of rural people for whom "work" referred to a variety of different activities. Wage labor was usually temporary or part-time, and "setting up on one's own" remained the goal for most households.¹⁵

¹⁴ Archives départementales de l'Yonne, 3 X 360.

¹⁵ Henri Hatzfeld, *Du Paupérisme à la Sécurité sociale* (Paris: A. Colin, 1971).

Determining which workers would pay contributions and receive pensions was a further difficulty, and this issue, particularly with regard to women, eventually overwhelmed the 1910 law. Courts quickly ruled that individuals who did not have regular work contracts or who had not worked a sufficient number of wage-earning hours should be excluded from obligatory contributions and pensions. Because the Civil Code did not permit labor contracts between family members, women found themselves unable to make cases for retirement benefits, even when their local mayor supported them:

Madame Q. works simultaneously as housekeeper, farmer, day-laborer, and child-minder. She keeps house for her husband, a small farmer, and helps him with the farm but earns no wages. She goes out to work when a job comes up, and for some time she has kept one or more small children for payment.¹⁶

Women on farms and in shops did not have the option of participating like their husbands because they were not the business owner and they were assumed to be merely fulfilling their obligations as wives. This exclusion of women turned many who had initially supported the ROP against the system. Ultimately, leaving out women discredited the law by revealing its inability to deal with work situations that were most common among the working class and especially among women.

The ambitions of *Retraites Ouvrières et Paysannes* ended as a fiasco: in the 1920s barely more than 1.5 million wage earners contributed to the system – far from the twelve million anticipated participants. The ROP experiment did, however, have lasting effects. The idea of

¹⁶ Archives départementales de l'Isère, 41 X 3.

retirement as a product of national solidarity and as a social debt that the young owed to their elders proved popular, even as people rejected linking this right to an unrealistic model of stable wage-earning. Practically all the cohort of wage earners who, by virtue of being between sixty and sixty-five in 1910, had access to the state's temporary provision of benefits, joined the scheme, contributed, and eventually received a pension, albeit a small one.¹⁷

1924: Civil servants' mobilization and the emergence of a "French model" of retirement

Since the nineteenth century – 1831 for veterans, 1853 for civil servants – individuals employed by the state enjoyed a retirement system that transformed the privileges accorded by the Old Regime into legally settled pensions.¹⁸ These pensions would be paid directly from the Treasury after thirty years of paying in without investing contributions in a specific fund. This system offered limited security. There was no recognized right to a pension; in case of the employee's death, his widow and children received little, and the pensions remained modest.¹⁹ The adoption in 1909-1911 of a more advantageous system for railway employees stirred up civil servants' discontent.²⁰

The length and the long-term consequences of the First World War called this system into question. As prices rose, the purchasing power of fixed pensions declined along with

¹⁷ Feller, *Histoire de la vieillesse*.

¹⁸ David Troyansky, "Retraite, vieillesse, et contrat social: l'exemple des juges de la Haute Vienne sous la Restauration," in *Entre Travail, retraite et vieillesse, Le grand écart*, eds. A.-M. Guillemard, J. Legaré, and P. Ansart (Paris: L'Harmattan, 1995), 85-101.

¹⁹ Thuillier.

²⁰ Georges Ribeill, *Des Faveurs patronales au privilège corporatif. Histoire du régime des cheminots des origines à nos jours (1850-2003)* (Dixmont: privately printed, 2003).

other sources of middle-class income, such as returns on investments (*rentes*), on which civil servants might rely. The 1920s saw the development of a retirees' movement whose publications, associations, and parliamentary lobbying made it a powerful interest group that was able to secure an ambitious total reorganization of the retirement system.²¹

The law of 14 April 1924 marked the political and social coming of age of a generational cohort and was a key step toward the construction of the French model of retirement. It established an innovative system characterized by:

- a legally-recognized right to a pension based on wages and on the period of contribution;
- contributions that were neither invested nor managed by a retirement fund; contributions paid in one year went directly, via the Treasury, to the payment of that year's pensions;
- a level of pension determined by the employees' wages in the final three years of employment;
- the equalization of pension; that is, pensions were occasionally reevaluated taking wage trends into consideration. In 1924 pensions were recalculated based on 1919 wage scales, and in the early 1930s new equalization measures took 1920 wage scales as a guide. Whenever they retired and whatever damage inflation might inflict afterwards, all retirees who retired at the same rank would enjoy the same income, which would rise with current salaries for that rank.

Under this system, pensions were not the result of savings, an insurance product, nor a public assistance measure. They were a "continued wage" derived from the "socialized wages" of those still working whose

²¹ Elise Feller, "L'entrée en politique d'un groupe d'âge: la lutte des pensionnés de l'Etat dans l'entre-deux-guerres et la construction d'un 'modèle français' de retraite," *Le Mouvement social* 190 (2000): 33-58.

contributions paid pensions directly. It was a system of regular cash flow rather than of investment and risk. Equalization made the pension something better than a fragile and limited income supplement; rather it was a genuine old age income that permitted recipients to maintain their lifestyle into old age and to look forward to retirement. At the same time, publications aimed at retired persons increasingly promoted new forms of sociability organized around leisure (travel, gardening) or well being (health, consumer issues, social interaction).²²

The success of their movement and the benefits paid to state retirees exerted a powerful influence among white-collar workers, especially the better paid. Despite some setbacks in the 1930s (with the Great Depression, deflation policies, and the 1934 pension reductions as well as the Popular Front government and the return to inflation) and 1940s (the Second World War, the occupation, and shortages), the civil servants' retirement model continued to function and even attracted some imitators. In the 1930s, employees of public institutions like hospitals or public transport followed the lead of civil servants and sometimes achieved similar benefits. Thus railway workers won an equalization of their pensions based on 1924 wage scales. After the nationalization of railroads in 1937 the newly-created SNCF had a single, mixed-style retirement fund that invested some contribution money and paid some directly out to pensioners and that was jointly run by workers and management.²³ Although at the time of the Liberation there were plans to create a single social security system, these individual systems persisted and were even improved. Increasing pensions in tandem with increases in the salaries of those still in the workforce became

²² Feller, *Histoire de la vieillesse*.

²³ Ribeill.

automatic for civil servants in 1948 and for railway workers in 1949.

White-collar employees like engineers, technicians, and managers remained attached to traditional practices of savings and inheritance to support their old age. Nonetheless, they eventually adopted the wage model of retirement and gave it legitimacy in the eyes of the middle class.²⁴ Conscious of being an elite among wage-earners, in 1945 they were committed to remaining separate from general social security provisions and to providing "a decent, dignified retirement that will permit them to enjoy in retirement a lifestyle comparable to that which they had previously . . . and therefore they cannot accept any system based on capital investment."²⁵ The Association Générale des Institutions de Retraite des Cadres (AGIRC), established in 1947, opted for a national system of pay-as-you-go retirement that offered retirees a pension based on salary at the time of retirement. There was no need for superannuation funds or a pension industry since contributions being paid in by those in employment were directly paid out in pensions without being invested. Other retirement schemes for specific groups established themselves on the same model and freed the new middle classes from having to save and invest for old age, a factor which partly explains why private pension funds have had so little success in France.²⁶

Wealthier workers' adoption of this French model of retirement, which depended on socialized wages rather than

²⁴ Luc Boltansky, *Les Cadres: la formation d'un groupe social* (Paris: Editions de Minuit, 1982).

²⁵ *Cadres de France* (August 1945), cited by Boltansky, 150.

²⁶ Bernard Friot, "Un salariat avec des cadres et sans épargne: les enjeux de la naissance de l'AGIRC," *Sociétés contemporaines* 24 (1995): 65-76.

on taxation or savings, contributed significantly to its expansion to less well-off, and more risk-averse, segments of the population, including peasants and the self-employed. The path to retirement was much more complex and difficult for the working class.

1936-1941: Social debt and generational solidarity – pay-as-you-go retirement in the mainstream

The 1910 law foundered on the incomprehension of modest wage earners because the obligation to pay into the system seemed to run counter to a basic principle dating back to the French Revolution and recognized by law in July 1905: the concept of a "social debt" incurred by the entire nation toward the elderly in need of support. This 1905 law, which remained in force until 1953, required the state to provide for the indigent elderly as well as for the sick and disabled. Eligible recipients had to be seventy or older, be below a certain income level, and meet residency conditions.²⁷ Aid might take the form of housing in a hospice for the weakest or most isolated. Payments to individuals who remained in their own homes were more common. The amount of the payment, which was always small, depended on the recipient's means and an evaluation of his or her needs.²⁸ Although payments were small, demand was always high; as early as 1912, 427,000 elderly – twenty percent of that age cohort – were receiving aid.

²⁷ Didier Renard, "Une vieillesse républicaine? L'Etat et la protection sociale de la vieillesse, de l'assistance aux assurances sociales (1880-1914)," *Sociétés contemporaines* 10 (1992): 9-22; and Feller, "L'assistance républicaine aux vieillards."

²⁸ Twenty francs per month was the maximum possible in the 1920s, raised to sixty francs in the 1930s and 160 francs in the 1940s. These figures corresponded with a worker's wages for twenty-five to thirty hours of work.

This figure never declined even as applicants were carefully screened and other programs such as the ROP and the *Assurances sociales* were established.

In the 1930s, however, this assistance program responded less and less to the social reality of the elderly poor. The aging population, particularly those over fifty, was among the main victims of unemployment. Debates and complaints in the 1930s no longer had as their reference point the "indigent elderly" reduced to poverty by past improvidence and present age and weakness. Rather, these discussions confronted the "aging worker," rejected despite himself by the labor market after a lifetime of work and savings which bought him no security in old age. Increasingly, his defenders demanded not an expanded system of relief but retirement: a national retirement system for elderly workers or "*la Retraite des Vieux*."

With the Popular Front's victory, the Communist party was able in 1937 to launch a campaign with the slogan "Work for the young and bread for the old!" The campaign denounced what it called the "misery of old age" in posters, pamphlets, meetings, film screenings (J.-P. Chanois' *Le Temps des cerises* was commissioned for the campaign), and the organization of the elderly into groups like the "Elderly Worker's Assembly" or the "National Association of Elderly Pensioners."²⁹ They demanded comprehensive retirement (*la Retraite des Vieux*) by which they meant not the creation of a new system of contributions and payments, but the extension of aid to the elderly based on the principle of a social debt, as exemplified in the 1905 law, to new categories of recipients.

Although the Popular Front was unable to respond to these demands, the Vichy government addressed them

²⁹ "La Misère des vieux" was the title of a widely distributed pamphlet by Fernand Fontenoy.

almost immediately. A law of 14 March 1941 established the *Allocation aux Vieux Travailleurs Salariés* which provided for workers or the unemployed aged sixty-five or older (or sixty for those judged unable to work) whose total resources amounted to less than 9,000 francs and who agreed not to seek further waged labor. Payments did not reflect worker contributions, and individuals who had never paid into the ROP or the *Assurances sociales* were eligible. These payments did, nonetheless, reflect a wage model because they were only available to individuals who had held regular employment in the previous five years. Funds for these payments did not derive from taxation as had earlier aid to the indigent elderly; rather, they were funds redistributed from *Assurances sociales*, where worker contributions had been invested and growing since 1930.³⁰

The AVTS program, which was later absorbed by the old age provisions of social security, achieved a synthesis between the logic of a republican "social debt" on the one hand and the logic of a contributive "wage model" on the other. This synthesis, which relied on the pay-as-you-go system (*système par répartition*), brought pensions to the working-class majority. By the end of the war, the suspicion of retirement systems that characterized discussion a few decades earlier had vanished among workers. A survey conducted in 1946 by the Institut national d'études démographiques (I.N.E.D.) revealed that over half of wage earners were benefiting from or expected to benefit from some income in their old age that they describe as "retirement." They also clearly looked forward to enjoying that period of their lives.

³⁰ Philippe-Jean Hesse and Jean-Pierre Le Crom, *La Protection sociale sous le régime de Vichy* (Rennes: Presses universitaires de Rennes, 2001).

Conclusion

The peculiarities of French political and social development and its multiple paths toward the construction of a retirement system meant that, on the eve of the post-World War II economic boom, the notion of retirement rested on two different foundations: a concept of national solidarity and an idea that waged labor gave access to social rights. The late twentieth-century decline of industrial production called into question the role of waged labor in the economy and thereby challenged one of the fundamentals of France's retirement system, dramatically increasing the difficulties and contradictions of the system.³¹ Does the solution to France's retirement problems lie in returning to nineteenth-century ideas about retirement as the product of personal savings, investment, and inheritance? Is solidarity more important, and should taxation, rather than worker contribution, bear a greater share of the burden, as in the Scandinavian or British models? Or should France stick with and consolidate its own "French model," which, according to some, is the only system that can guarantee a citizen's protection and dignity. The debate is not merely technical, and it extends beyond old age protection; it calls into question French concepts of social rights, wages, and work.

translated by Carol E. Harrison

³¹ Robert Castel, *Les Métamorphoses de la question sociale. Une chronique du salariat* (Paris: Fayard, 1995).