DENIS KESSLER
CHAIRMAN & CEO OF THE SCOR GROUP

“We need a new social constitution”

Let it be known: the Chairman and CEO of the reinsurer SCOR is not a candidate to succeed Laurence Parisot at the head of the MEDEF. But he deplores the fact that so much time has been lost in terms of reforming the country. According to him, the trade unions and employers’ associations must rethink our social welfare system in order to save it.

Interview by Philippe Mabille. 14/12/2012.

LA TRIBUNE – How do you see the economy evolving in 2013?

DENIS KESSLER – The situation is deteriorating significantly. Back in 2009, I predicted a double dip, at a time when many believed that the crisis was likely to end. We are in the middle of this second dip, even though the contraction of business is not as intense in some places as in others. The reason for this is simple. Everyone’s brakes are on at the same time, in most countries throughout the world. Widespread deleveraging is necessary, and this will be our main economic and financial horizon for several more years to come. The United States began deleveraging earlier and is further ahead in the process, but Europe, except for Germany, is trailing behind.

Is François Hollande’s recovery plan up to the job?

It is a grave error to believe that the way to restore balance to the public and welfare accounts is to increase mandatory contributions. This makes a massive dent in the private sector, just when the latter is obliged to reduce its own debt. This is why I am all for a double “golden rule”. The restoration of structural balance to the public accounts, which is indispensable, must be reinforced by a second golden rule on the means used to achieve such balance. The State should make at least two thirds of the effort required by reducing its spending, and limit to just one third the revenue obtained from increased contributions by the productive sector and households. The current plan rests for the most part on higher contributions. We are therefore in the process of running the nation’s source of cash flow dry. We are redirecting existing wealth to the public sector, without doing anything to create more wealth for the future.

In 2000, during the creation of the MEDEF, of which you were Vice President, you launched the idea of a “new social constitution”. Is this still relevant today?
Yes…The new social constitution diagnosis is already thirteen years old, and unfortunately has not become outdated! Because reform is not about changing this or that parameter for the financing of social welfare or benefits. That approach does not work anymore. We have spent the past thirty years patching up the existing system, which seems to be getting increasingly costly without being any more effective. We need to invent a social welfare system for the 21st century, with no holds barred, drawing inspiration from what works for our partners.

We have actually made some progress since then...

Efforts have been made with regard to the representativeness of trade unions. We have begun a reform on pensions, which is incomplete and fragmented. We have created an employment agency, the Pôle Emploi, but have not significantly improved services to help unemployed people return to work, in a difficult economic climate of rising unemployment. We have created a low income supplement scheme, the Revenu de Solidarité Active or RSA. Basically, we have changed certain parameters, but we have been very careful not to rethink the system. All in all, the last decade has for the most part been lost. We need to create a points-based pension system, combining all the existing schemes, we need to create fixed-assignment contracts, as an intermediate point between permanent and fixed-term contracts, we need to reform unemployment insurance and health insurance, we need to base on other sources all the contributions that burden payslips and have no connection to the actual employment contract, and so on. I sincerely hope that we can progress in all these areas. The country’s competitiveness is at stake.

What do you expect from the major industrial relations negotiations on employment?

We are the last country to unite trade unions and employers’ organisations at a national level, in summit meetings, in the belief that if we shut them up in a room together for long enough, and enough times, they will solve the problems that exist. In my opinion, a national inter-professional agreement no longer makes much sense in our era, because there are so many different company situations. Sooner or later, we will have to de-nationalise negotiations between unions and employers. The public welfare framework should be defined at a European level – basic rights, public and social policy – and applied at a company level by the responsible trade unions and employers’ organisations, as well as to a certain extent at a European industry level.

Is the MEDEF treating the problem as it should?

The MEDEF is a confederation of national industries, whose jurisdiction stops at the borders of France. The companies themselves – rather than the industries – should have the majority in the governing bodies of the MEDEF. I am also in favour of greater unity in terms of company representation, and believe that we could conceivably combine the current organisations into a new entity consisting of three distinct bodies: a large corporations body, a body for medium-sized and intermediate companies, and a body for very small companies. Beyond the representation of companies, above all we need to draw a clear line between the responsibilities of companies and the
responsibilities of the State. Where contributions are being made for benefits that are in no way connected to the actual employment contract, a national tax (VAT or the universal social security tax CSG) should replace employer and employee contributions, which can, moreover, no longer be justifiably separated. In France, we have managed to create a permanent source of conflict between employees, who see only their net salary before tax, and employers, who bear the total cost of labour, including charges. France has the highest gap between gross and net income! This is a source of incomprehension.

Are you a candidate for the MEDEF?

I left it ten years ago, after giving twelve years of my life to employer governing bodies, and I put a lot of effort into what I did there. I am not a candidate, no. But while we are on the subject, it would be good governance to implement a two-year, non-renewable presidency exercised by an active company leader, and supervised by the former and future presidents, in order to ensure the continuity of files, a more team-oriented management system, the regular changeover of managers, and greater representativeness in terms of the different categories of company and industry. But let’s move beyond the context of this institution. For years I have been dreaming of a world where business is no longer the subject of political debate. Our community has decided to make business – and business leaders – the scapegoat for its problems, and to lay every possible sin at its door. Business is merely an instrument of wealth, no more and no less. To constantly politicise business, to make it a national political stake, and to load it with heavy ideology, is a very dangerous game.

That’s how he is!

Iphone or Blackberry?
Both.

Work in the evening or at the weekend?
Both.

What is your favourite quality in your colleagues?
Loyal intelligence.

What failing can’t you forgive in a colleague?
Idiotic disloyalty.

What is your greatest professional regret?
Game theory talks about the strategy of “no regret”. And I don’t regret having followed that strategy.