French government attacks labour laws, working conditions

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Simultaneously with French president Jacques Chirac's announcement of new attacks on social services in his New Year's address, the first reading of the "law on social dialogue" took place in the National Assembly. Developed by Minister for Employment and Social Services François Fillon, the measure is designed to undermine existing French labour laws.

The government's proposed measures aim at making the French workplace more attractive to international corporations and investors, as well as create conditions that will permit local enterprises to compete on the global markets. This can only be achieved at the expense of workers' rights and past social gains. The labour market is to be made more flexible, the state economy freed from the burden of social expenditure, and legal obstacles to the maximisation of profits abolished. Jobs, wages and the social rights of workers will be driven back to those that existed half a century or more ago.

To this end, the French government has relied on a commission of "experts" drawn from business and the state bureaucracy. Thus, Michael de Virville, board member and director of personnel at auto manufacturer Renault, developed the proposed labour laws. Another "expert" is Jean Marimbert, secretary of state in the ministry of social services under the Socialist Party (PS) governments of François Mitterrand and Lionel Jospin and former head of the National Employment Agency (ANPE).

Fillon's "law on social dialogue" is directed against established labour laws, the *Code du travail* (labour code). In place of the customary national or industry-specific awards, so-called "divergent agreements" are permitted, with individual enterprises working out their own terms of agreement. Furthermore, an agreement will become valid after being signed by only a single union, although that union may have marginal support on a national basis.

The protective measures outlined in the *Code du travail* are undermined by curbing the power and influence of the arbitration courts. So-called procedural agreements, which speed up the process of mass layoffs and include laws prohibiting demonstrations, receive express approval. The possibility of taking cases of dismissal or industrial conflict before the labour courts is curtailed.

While the labour court judges often found in favour of the employers, the mere existence of the arbitration procedure was clearly a thorn in the bosses' side. The Socialist Party's Arnaud de Montebourg commented laconically: "In this way, Francois Fillon was able to legally end the *Code du travail* amidst general indifference."

Chirac also announced a "law to stimulate employment," to be introduced in parliament during the next few months. It favours temporary work contracts (CDD— *contrat a durée déterminé)* and "mini-jobs." Temporary work agreements, which previously had a maximum length of 18 months, can now be extended to five years.

The law also allows a new type of work contract, a so-called "mission agreement" or "project agreement." Such a "mission agreement" would be made between a temporary worker and an employer about the completion of a specific, "non-permanent" task.

These types of work agreements were already being promoted by the employer's organisation Medef in 1999 in its program for "social change," which called for radical deregulation. However, up to now, insecure, temporary or casual jobs were strictly regulated and constituted a minority. The new laws will be instrumental in opening up the entire French labour market.

Chirac also announced "help for the long-term unemployed to be assisted to enter work," the so-called RMA or "activation minimum income." The measure, which Chirac hypocritically justified by saying that "it must always be clearly advantageous to work rather than receive social security," aims at opening up a further reservoir of compliant workers. The RMA is basically a form of "workfare," an effort to get workers living on the guaranteed minimum income benefit (RMI), currently 411 euros ($521) a month, into low-wage jobs.

Through the program, RMI recipients can be employed by a firm on a half-time basis or more for pay just above the guaranteed minimum income. The local government pays the employer the RMI, and the employer pays the worker a small wage supplement on top of that. Workers will not have full employee status, and they will only receive a quarter of the social benefits of other employees (one year's work will only create pension entitlements equivalent to three months' employment). The RMA agreement lasts for six months and can be extended twice, giving it a maximum duration of 18 months.

There are already 1 million people on temporary work agreements in France. Altogether, approximately 2.7 million people or 12 percent of wage-earners have insecure jobs, due to either part-time or casual contracts.

These insecure working conditions are increasingly becoming the norm and are replacing the formerly common full-time contracts. For workers, this means not only are they losing a steady income, a secure job and regulated working conditions, but also associated social benefits such as medical insurance, pensions, unemployment insurance and paid holidays. This is the true character of Chirac's "employment stimulus."

Chirac also wants to "encourage self-reliance": "Our country does not have not enough entrepreneurs," he said, and announced a special statute for "new single-person businesses," to promote the establishment of businesses. This would secure jobs and create new positions, he asserted.

Addressing employers, Chirac announced the proposed reform of business taxes. Businesses investing money will be excluded from paying the *taxe professionelle*, a tax levied on the number of workers a firm employs, for 18 months retroactively from January 1, 2004. In the long term, Chirac plans to go so far as to abolish this tax altogether and replace it with a system "that does not penalise industry."

According to Chirac's rhetoric, favouring business will lead to jobs growth. However, reality reveals a very different picture.

In the last year alone, French industry destroyed 33,000 jobs. The best known mass layoffs and factory closures in the last year took place at

Metaleurop, Daewoo, Arcelor, Comilog and Danone. “Restructuring measures” have been announced for 2004 at Alsom, GIAT, Altadis, Aventis, STMicroelectronics and many other enterprises.

Social services are also undergoing considerable downsizing. While the government has officially admitted to only 5,000, the French weekly *L’Express* estimated the number of public service jobs abolished since May 2002 at approximately 100,000.

Only a few hours before the president gave his New Year’s address, the employment minister revealed that the unemployment rate had fallen by 0.2 percent since November 2003 and claimed that this trend would continue in 2004.

The official unemployment rate stands at 9.7 percent, or around 2.6 million people, of whom almost 700,000 have been unemployed for more than a year. In addition to a growing number of underemployed not included in the official figures, 382,184 young people under 25 are looking for work.

In the 12 months from November 2002 to November 2003, the unemployment rate increased from 9 percent to 9.5.

A further measure announced by Chirac is the privatisation of public housing construction. It is called a “program for the encouragement of home ownership.” It concerns the partial release of public housing for sale to private owners. This involves several of the large public housing satellite cities, some of which were built in the 1950s and have been allowed to run down in recent years. They are to become self-supporting in the future, thereby relieving the strain on public coffers.

To this end, the banks have been ordered to make long-term credit available to interested buyers. The result of these policies is already known in advance: indirectly, thousands of apartments will be transferred to the banks and building societies, while people who are supposed to get “access to homeownership” must either mortgage themselves to the hilt or end up on the street.

Such a policy will only worsen the already alarming housing situation. As documented on many web sites dealing with the “poverty in France,” 10 percent of the population live in overcrowded apartments, 11 percent live without heating, 3 percent have no bathroom and 2 percent have apartments without a toilet. Evictions are increasing, and around 300,000 people are homeless. Half a million people live in a hotel or board in an apartment belonging to someone else, while 2 million apartments stand empty.

The government’s new measures will further widen the gap between rich and poor. Income taxes must lowered, according to Chirac, a promise he made during the 2002 election campaign—a measure that benefits those on high incomes.

The high proportion of younger people facing poverty is particularly alarming. An organisation that runs soup kitchens, *Restaurants du coeur,* provided 610,000 people with a total of 61.5 million meals during the 2002-03 winter. It reported, “Single-parent families and young people under 30 are being hardest hit by poverty. Single-parent families make up 15 percent of the French population, but 30 percent of the *Restaurant du coeur’*s clientele. Another 8 percent of those attending the charity are under 25 years old.”

A study undertaken by the Catholic Help reported a rapid increase in the number of single-parent families living in poverty. In 2002, they constituted 30 percent of the poor. In 2001, 5.5 million people, or 10.4 percent of the French population, lived close to the poverty line, existing on 560 euros ($710) per month. In 2002, the number of poor increased by 2.3 percent. Two million minors are bordering on poverty; 18 percent of children and youth under 18 live in poor families.

Concerning the level of inequality, reported the web site *Observatoire des inégalités*, “The 10 percent who fare the worst, receive only 2 percent of total income, while the 10 percent of the wealthiest receive 28 percent.... The 10 richest percent have over 46 percent of the total national wealth at their disposal, while the poorest 50 percent possess less than 10 percent.... Every other full-time worker receives a net income of under 1,400 euros [$1,776] a month and 90 percent earn less than 2,800 euros [$3,552].”

By contrast, a top-flight company executive, the director of the Danone Group, Franc Riboud, for example, was paid 2.4 million euros ($3 million) in 2001—after closing down six work-sites in Europe. The managing director of the second-biggest pharmaceutical group in France, Sanofi-Synthélabo, Jean-Françoise Dehecq, is paid 1.9 million euros ($2.4 million) annually, equivalent to 150 times the annual minimum wage SMIC. And Lindsay Owen-Jones, the head of L’Oréal, the wealthiest French boss, earned a cool 6.2 million euros ($7.9 million) in 2002.

Chirac delivered his New Year’s speech to the so-called “living forces of the nation” (*forces vives de la nation*), a gathering of the most important representatives of the French economic, insurance and business associations, along with the unions. In a calculated decision, the union leaders were consciously included in the offensive against the working class, and up to the present have raised no serious opposition to the measures.

Union leader Marc Blondel (Force Ouvrière) did complain about the intensification of the deregulation of working conditions. CGT (Stalinist-dominated union central) head Bernard Thibault criticised the “[d]ouble-speak of the head of state: Striving on the one hand for consensus, but on the other demanding the [parliamentary] majority encourage ...negotiations on industry standards while favouring the employers.” And CFTC leader Jacky Dintinger (loosely aligned with the Socialist Party) referred to the “wholesale deregulation of labour standards.”

However, in reality, the government has implemented many measures with the assistance of the trade union bureaucracy. A recent blatant example was the “reform” of the unemployment insurance scheme UNEDIC, jointly managed by the employers and the unions, which came into effect on January 1, 2004. The measure was able to be passed into law not only due to the agreement of both Medef and the government, but was expressly consented to in December 2002 by a number of unions, while the CGT remained silent.

The measure reduced by several months the period in which unemployed workers were entitled to benefits. This resulted in 180,000 unemployed workers losing their entitlement on January 1. An estimated 600,000 to 800,000 people will be affected by the measure by the end of 2005.