French government encourages employers' jobs blackmail

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In recent weeks, French companies have launched a number of significant attacks on workers' jobs and living standards. These include firms threatening to relocate as a means of imposing wage cuts, such as auto parts maker Bosch's successful effort to make its employees accept 36 hours' work for 35 hours' pay or face the transfer of production to the Czech Republic.

Then there was the hasty dismantling of production lines in 24 hours by Snappon GDX Automotive and their being shipped to the Czech Republic. The operation took place under the protective eye of the CRS riot police. The 225 jobs disappeared overnight. Snappon is an automotive parts manufacturer and a subsidiary of the US group Gencorp.

Management had previously tried to remove its machinery during the night of July 15, but was prevented from doing so by barricades erected by workers. However, on August 26, the firm was armed with a judge's decision to "protect the rights of property and trade without hindrance." Although the judge had also empowered the works council to legally oppose the firings, *le préfet*, the local national state official, conveniently shelved the matter until Snappon had completed its business of relocation to the Czech Republic.

The company's relocation is in line with its goal of lowering production costs (especially labour costs) and remaining close to its clients such as PSA Peugeot, which is setting up a new auto production plant in eastern Europe.

Due to President Jacques Chirac's political weakness in the wake of his party's recent regional and European election defeats, the government has made a show of concern about the "social cohesion" of the country. In reality, the Chirac regime fully supports French businesses scouring the globe for the cheapest possible labour and generally being "competitive" in the face of global market pressures.

Nonetheless, the right-wing government of Prime Minister Jean-Pierre Raffarin is coming under increasing pressure from the employers' federation MEDEF (Movement of French Enterprises) to abandon its "social cohesion" policy. Ernest-Antoine Seillière, the head of the federation, speaking at its annual meeting this month, made it clear that he thought the Chirac-Raffarin policy was far too easy on the socially deprived, characterising the government's approach as public assistance in the extreme.

This was a reference to the government's having dropped its plan, in the face of widespread opposition, to spread a scheduled increase in the *smic* (the statutory national minimum wage) over a two-year period. Seillière launched his broadside against social welfare in a recent interview published in the magazine *Figaro*.

MEDEF is happier with Raffarin's attack on the unemployed, which will oblige the jobless to accept virtually any job anywhere after six months, on pain of losing some or all of their unemployment entitlements. Baron Seillière, in the *Figaro* interview, is unequivocal on one question: "It's better to work longer and keep one's job than sanctify the 35-hour week and lose it."

Recently, the government has modified labour legislation enabling employers to renegotiate union agreements on the 35-hour week on a plant-by-plant basis, thus paving the way for other Bosch-type deals. The doctrine that no local agreement could impose worse conditions on workers than a national agreement, which has been the basis of labour relations since the war, has been severely undermined by changes in the Labour Code drawn up by François Fillon, then the minister of social affairs, labour and solidarity and now the minister of education.

Seillière underlined at the opening of the MEDEF meeting that the Bosch company's wage-cutting was "a demonstration of social gains having to give way to economic necessity."

Yet another blow to workers, this time in the poultry industry, came from Doux—the biggest chicken producer in Europe. On August 26, the company announced the abandonment of the shorter working week, cutting the average wage, according to the unions, by 500 euros a year for workers who are already earning the legal minimum wage of 7.61 euros an hour.

Elsewhere, the Sediver company, part of the Italian group Vertoarredo, plans to move production of electric glass insulators to its subsidiaries in China and Brazil unless the workforce accepts a 25-30 percent wage reduction—which, according to the company, would save 150 out of the 294 jobs. Trade union representatives believe that even with the concessions demanded, the company will close in two years.

In eastern France, the American manufacturer of electronic components, Vishay, has decided to close its plant at Colmar, putting 292 workers out of a job. In order, as the company put it in its press release, "to safeguard competitive activity, the assembling of diodes will be regrouped on the sites in China and Hungary, and the activity in Colmar ended."

The Vishay unit at Colmar specialises in diodes and transistors destined for the auto, computer and household electronic goods manufacturing sector. The company announcement goes on to explain its motives for relocation by saying, "This specialised division in diodes is faced with a market characterised by the massive displacement of electronic manufacturing and component suppliers to low-cost countries, and more especially Asia, a continuous drop in retail prices and a strong slowdown of growth is expected as from 2005."

Workers at Vishay estimate that wage rates are around 40 percent lower at the sites in the Czech Republic. Originally, the site was set up in Colmar by the American conglomerate ITT in the 1960s, employing 600 people. The number of jobs gradually fell until American Semiconductors took over and merged with Vishay several years ago.

With the French national unemployment rate standing at 9.8 percent (20 percent for youth) and long-term unemployment steadily increasing, the unions have made a show of rejecting in principle any flexibility in the law on the 35-hour week. In practice, however, a large hole has already been blown in the law, as companies have the right to negotiate at plant level all the givebacks they are demanding.

Faced with the consequences of the European Union's eastern expansion and the broader impact of globalisation, the nationally based unions are incapable of resisting company blackmail and the threat of relocation. Their only answer is an appeal for direct collaboration with the government, insisting that they not be left out of the process of negotiating away workers' jobs and rights.

At the end of talks with the government this week, the CGC and CFTC unions, covering mostly middle managers and supervisors, complained that employers were breaking industrial sector agreements by directly appealing to workers at plant level in order to undermine solidarity. The answer, they told the government, was to negotiate any "adjustments" at sector level. For his part, the leader of the Communist Party-dominated CGT trade union, Bernard Thibault, called for an urgent tripartite meeting of government, employers and unions "to discuss a plan for anti-relocation."

Meanwhile, the bosses' leader, Seillière, after having bemoaned the fact that Raffarin's regime had supposedly given nothing to employers in its three years in office, was promptly rewarded with a 900-million-euro tax break on company profits by the government, which has promised to abolish the 3 percent surtax on profits in 2005.

The same type of jobs blackmail and attacks on workers rights carried out in France is taking place in Germany, all across Europe and around the globe. But the trade union leaders ignore the international reality behind the relocation blackmail: the drive of capital to seek out the lowest production costs on the planet under conditions of globalisation. They pretend that some national solution can be found for this problem and portray the nation-state as a guarantor of workers' social interests.