

## Background to the recent events in France

# The “Lisbon Strategy” and the European trade unions

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The Gaullist government’s withdrawal of the “First Job Contract” (CPE) following more than two months of protests and strikes by French students and workers has evoked calls within the European ruling elite for a redoubling of efforts to dismantle employment protections and create a US-style “free market” economy.

The retreat by French President Jacques Chirac and Prime Minister Dominique de Villepin was politically damaging to both. However, its essential content was to turn to the French unions and the official left parties—the Socialist Party and the Communist Party—and utilise their services in winding up the mass protest movement, thereby buying time to prepare new attacks on workers’ conditions and rights.

The French ruling elite can count, with good reason, on the trade unions to collaborate in the implementation of its anti-working class programme.

The CPE, which was to allow French companies to fire young workers without cause during their first two years of employment, represented only a minor component of an intensely discussed and collectively elaborated policy of the European bourgeoisie to maintain its international competitiveness against the US and Asia by driving down workers’ wages and conditions and slashing social spending.

The European Union (EU) set forth this orientation in March 2000 in its so-called Lisbon Strategy, which listed a series of economic targets to be reached by 2010. “Today the EU, like every other region, is facing a paradigm shift driven by globalisation and the new knowledge economy,” the document declared. “This is impacting on every facet of life and requires a radical transformation of Europe’s economy and society.”

While the Lisbon Strategy included a number of vague commitments to reducing poverty and improving the environment, its essential aim was to boost the profit levels of European business through deregulation, privatisation and lower corporate taxes. In the name of “sustainability,” the EU also committed itself to reducing member states’ budget deficits and slashing existing pension and welfare programmes.

By 2010, 70 percent of the available labour force was to be employed, up from approximately 60 percent in 2000. Women and older workers, who otherwise would claim pensions and welfare benefits, were specifically targeted for workforce participation.

The Lisbon Strategy made special mention of the “social partners”—that is, the trade unions and business organisations—whose “contribution is needed not only as a result of the radical change in the world of work, but also because of the need to ensure a common understanding of all the elements required for a dynamic economy.”

In other words, the unions were to act as a transmission belt for the demands of the ruling elite, helping to suppress workers’ resistance to the destruction of their living standards.

The European Trade Union Confederation (ETUC), the Brussels-based organisation representing 81 national trade unions, has played a critical

role in helping formulate and promote the EU’s anti-working class strategy. The 1992 Maastricht Treaty formally enshrined the ETUC, alongside the employers’ federation UNICE (“The Voice of Business in Europe”), as a “social partner” to be consulted on all major social and economic policy questions.

While the ETUC is a bureaucratic entity with only a consultative relationship to the national trade unions, its role within the EU is highly significant. It supports the Lisbon Strategy and campaigned in favour of the similarly “free market” EU constitution that was rejected by French and Dutch voters in referenda last year.

John Monks, the general secretary of the ETUC and former head of the British Trades Union Congress, has called on the unions to work with business in strengthening European capitalism against its international rivals.

“There are many people, including many on the European Left, who want to transform Europe into a counterweight to the Americans, less aggressive, less military but with a great deal of economic power,” he declared last year. “I rather take that view myself. We want a Europe which can handle the US better and to deal on an equal footing with it. But it’s not just America. To be able to handle the rise of China, India, Russia and perhaps Indonesia and Brazil—the new superpowers—we need this region to act together.”

The objections occasionally raised by Monks and the European unions against the ruling elite’s policies are of a tactical nature, concerning the manner in which the “free market” reforms are implemented, rather than their essential content. A recurring theme in the unions’ publications is the fear that, unless these measures are enacted with due caution, workers’ hostility will erupt beyond the unions’ control.

“Today, too many workers perceive Europe as a threat to their jobs, working conditions, and social welfare,” the ETUC Executive Committee noted last month. “European leaders need to be aware of this and act on it. They should send out a clear signal that Europe is not only about competition and markets but that it is also about an internal market with a social dimension.”

In early 2005, the Lisbon Strategy was “re-launched” following the release of an EU report in November 2004 that concluded that few of the strategy’s economic targets were likely to be met by 2010. The EU responded to the dire assessment by dumping most of the Lisbon Strategy’s social and environmental targets and demanding that economic reform be accelerated.

This shift by the European bourgeoisie was bound up with the changed international political situation since the Lisbon Strategy was first formulated. The installation of the Bush administration in January 2001 inaugurated a more aggressive and unilateralist US foreign policy, whose full dimensions emerged with the so-called “global war on terrorism” in

the aftermath of the September 11, 2001, terrorist attacks on New York and Washington, DC.

The “war on terror” was essentially a euphemism for an intensified drive by the United States for global hegemony. This involved the eruption of US militarism in Afghanistan and Iraq and a far more confrontational posture towards Washington’s nominal allies in Europe, especially Germany and France. For the first time in more than half a century, the US actively worked to impede the project of European economic integration, in part out of fear that the newly established euro currency could seriously threaten the hegemony of the US dollar in world markets.

Not feeling itself in a position to directly challenge the US, the European ruling elite’s response was to accelerate its economic “reform” efforts. Making European labour more “flexible” was a central aspect of the relaunched Lisbon Strategy.

As the EU’s 2004 Lisbon Strategy review bluntly stated, “The task is to foster new forms of security, moving away from the restrictive paradigm of preserving jobs for life.”

All of this has received the backing of the European trade unions. In response to the relaunched Lisbon Strategy, the ETUC released a joint statement with the business groups UNICE and CEEP (European Centre of Enterprises with Public Participation). The document declared that “the Lisbon Strategy remains as valid and necessary as it was in 2000.”

The unions affirmed their support for “efficient social protection systems which are financially sustainable [and] sound macro-economic policies with good interplay between wage policies autonomously set up by the social partners and with real wage developments consistent with productivity growth.” In other words, they agreed that the working conditions, living standards and social protections of European workers would have to be dramatically curtailed.

The ETUC holds frequent discussions with the leading representatives of European big business and the EU. Much of its activity goes on behind closed doors and behind the backs of the workers it nominally represents. Last month, for example, the ETUC sponsored a two-day conference entitled “Labour Market Reforms and Macro-Economic Policies in the Lisbon Agenda.” Union bureaucrats from a number of European countries, academics, and business representatives participated.

The keynote address was given by Joaquín Almunia, EU Commissioner for Economic and Monetary Affairs. Spokespeople for both Almunia and the ETUC told the *World Socialist Web Site* that no recording or notes were available either of the commissioner’s speech or of the subsequent panel debate, which was moderated by Willi Koll of the German Finance Ministry.

The meeting, it should be noted, took place at the height of the mass protests and strikes in France against the very policies being discussed by business leaders, EU officials and union spokesmen.

In early 2005, the EU required member states to formulate “National Reform Programmes” (NRP) that set country-specific reform targets and included an annual assessment of how each country was fulfilling the requirements of the Lisbon Strategy.

Labour market reform was one of the central components of France’s NRP. The government of President Chirac and Prime Minister Villepin advanced the CPE in line with the requirements of the Lisbon Strategy. The European Commission’s 2005 annual report for France “stresses greater financial incentives for returning to work, the development of assisted contracts, active labour market policy with regard to welfare payments, greater support for job-seekers and greater emphasis on their personal responsibility.”

The report specifically noted the introduction of the CNE (“Contract for New Hires”), which was the direct precursor to the CPE. The CNE entitles companies with fewer than 20 workers to fire employees without cause whenever they wish. (Predictably, the EU report provides a

euphemistic description of the CNE, describing it as “intended to encourage hiring in business with up to 20 employees.”)

Other aspects of France’s NRP include commitments to reduce the budget deficit and public debt, implement social security and pension reforms, reduce business taxation, and increase market competition in various industries and sectors.

A longstanding complaint of the ETUC is that the Gaullist government has not collaborated closely enough with the French trade unions. Five of France’s leading unions are affiliated with the ETUC, including the CGT (General Confederation of Labour), CFTD (French Democratic Confederation of Labour), and FO (Workers Power).

In a number of European countries, particularly those in Scandinavia, policy relating to the Lisbon Strategy is developed in close consultation with the unions. As a recent ETUC study noted, however, in France “the social partners are traditionally not consulted on national employment policies.... [U]nion representatives explain that they only get a response [from the government] if they fit into an existing national employment strategy.”

Prime Minister Villepin provoked the unions with his attempt to ram through the CPE without even the pretence of consultation with the “social partners.” After high school and university students organised mass demonstrations against the measure, the unions backed a series of one-day strikes. From the beginning, however, the unions strove to ensure that the anti-CPE movement did not develop into a struggle against the broader policies of the French ruling elite or an effort to bring down the Gaullist government.

Leon Trotsky’s assessment of the French trade unions’ position in the 1936 general strike applies as well to their approach to the anti-CPE movement 70 years later: “Only when confronted with an accomplished fact did the official leaders ‘recognise’ the strike, in order all the more readily to strangle it.”\*

At the final joint demonstration of workers and students against the CPE in Paris on April 4, the ETUC’s general secretary, John Monks, marched at the head of the 700,000-strong crowd, arm in arm with Bernard Thibault, head of the CGT, and François Chérèque of the CFTD.

The appearance of Monks at the Paris protest demonstrated the concern with which the European trade union bureaucracy viewed the mass movement in France. Unions throughout Europe, together with their counterparts in France, wanted the strikes and demonstrations wrapped up as quickly as possible. Against the deeply felt sentiments of ordinary workers and students—who were determined to fight the government’s right-wing programme—the unions’ priority was to ensure that the government promised to properly consult with them before further attacks on workers’ conditions were introduced.

Just one day after the government announced the replacement of the CPE with a token programme of job subsidies, the unions agreed to a proposal by the leading employers’ group Medef for talks to “draw the lessons” of the crisis.

\* Leon Trotsky, “The New Revolutionary Upsurge and the Tasks of the Fourth International,” in *Leon Trotsky on France* (New York, Monad Press, 1979), p. 174.



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