The European Union, railway privatisation and the attack on workers' living standards

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Railway workers in Germany and France are currently involved in strikes and other actions to defend their jobs and living standards. In Germany, the train drivers' union GDL is striking for a 30 percent wage increase and its own contract. On October 18 in France, the five most important railway unions walked out for five days to protest changes to their pension scheme. French railway unions are planning another strike for 14 November.

Even before his election as French president Nicolas Sarkozy made it clear he intended to dismantle the special retirement schemes (*régimes speciaux*) in some areas of the public sector, including the SNCF (Société nationale des chemins de fer—the French National Railway Company). The benefit allows workers to retire after 25 years service, enabling train drivers, for example, to stop working at age 50 or earlier. The SNCF retirement scheme covers approximately 178,000 workers and 190,000 pensioners, whose average pension is €1,620 (US$2,374) per month, compared to €1,465 (US$2,147) in private industry.

In both countries, protests have been directed against the effects of the policies of liberalisation and privatisation being promoted and directed by the political and financial elites via the European Union (EU). The SNCF scheme is a target for "reform" to bring it in line with EU directives on the deregulation and privatisation of the railways.

In 1986, the establishment of the European Economic Area (EEA) was first proposed to create a European internal market, enabling the "free movement of goods, persons, services and capital." This regulation came into force on July 1, 1987.

Under the catchwords "liberalisation," "deregulation" and "competitiveness," state-owned companies, including the railways, which were hitherto regulated and operated on a national basis and subsidised by taxes, were to be restructured and made profitable for private investors.

In June 1991, EU directive 91/440 was agreed by the twelve EU transport ministers. France was represented by Paul Quilès of the Socialist Party. This directive was the first shot in the privatisation of the European railways. It contained the basis for all the liberalisation projects subsequently passed: All railway companies in the EU should operate without any state subsidies, according to the same principles as private companies, to make them more competitive on the international transport market through better efficiency—in other words, through less staff, lower wages and attacks on working conditions.

From 1991 to 2004, this was concretised through a series of EU directives. The first included the opening up of 50,000 kilometres of mainline tracks throughout Europe to competition for the transport of passengers and goods.

During the EU summit in Lisbon in 2000, former French president Jacques Chirac and his then Prime Minister Lionel Jospin demanded that the liberalisation of the state gas, electricity, post and transport industries be accelerated.

In an effort to drastically increase the profit rate of European capital, another EU summit, this time in 2002 in Barcelona, agreed to increase the average retirement age in Europe from 58 to 65—a rise of close to 20 percent in the number of working years.

This was a particularly explosive demand. Since the wave of mass strikes and protests against the right-wing government of President Jacques Chirac and Prime Minister Alain Juppe in 1995 no French government—whether led by the official left parties or the right—had been able to attack the pension system.

By contrast, in Germany, the Social Democratic Party (SPD)-Green Party coalition government, under the Agenda 2010 programme, made significant inroads in dismantling the social security system in the interests of the large corporations.

With the adoption of the Jarzembowski Report (Georg Jarzembowski is a member of the German Christian Democratic Party) on October 21, 2003, the European Parliament gave its blessing to the privatisation of the public railway system.

The second package of EU directives, drawn up in 2004 by French Transport Minister Gilles de Robien (Union for French Democracy), opened up the entire European international network (1 January 2006) and national networks (1 January 2007) to competition in freight traffic. It included the establishment of a European office in France that would be responsible for the safety standards and technical integration of the European railway network.

In December 2005 a third package was introduced, this time drafted by Robien's successor, Dominique Perben (Union for a Popular Movement). It called for the opening of the European international passenger rail network to competition.

The European Commission (EC) decided in March 2005 that SNCF had to be reformed and capital grants and subsidies from the French government halted. As prerequisites for opening up the French railways to freight traffic by 31 March 2006, the EC demanded that €700 million in SNCF assets be sold off and the French government provide €800 million in financial assistance to investors.

The EU White Book of 2006 stated that the depressed freight transport system could only be made efficient and competitive through an increase in market-oriented measures.

On 27 September 2007, the EU parliament passed new legislation to open the trans-European network to competition for passenger traffic from 1 January 2010. The opening up of all national networks by 2012 is to be discussed.

In the 1990s, the liberalisation and privatisation process in Europe took different forms. In the UK, British Rail was broken up in 1994 and split into nearly 100 separate companies. Between 1995 and 1997 privatisation resulted in the creation of 50 larger organisations. The tracks and infrastructure were handed over to the private group Railtrack. They were kept in such a poor state that scores of people have died in accidents as a result. In 2002 Railtrack was dissolved and the infrastructure handed back to the government.

In 1994, the state railway company of the former East Germany was merged with its counterpart in West Germany to form Deutsche Bahn AG, wholly owned by the German government. In 1999 Deutsche Bahn was separated into five companies. Private companies were allowed to operate freight and regional passenger services for the first time.

In Italy the national railway was split up and partly privatised in the late 1990s. In France, plans to privatise the railways were first drawn up in 2000.

For the French bourgeoisie, the generous public service pension scheme is not only viewed as a barrier to increasing the rate of profit; its abolition is also an indispensable requirement for the restructuring of the SNCF into a profit-making, internationally competitive organisation.

The strike movement in 1995 was directed against the attacks on pensions, health insurance, jobs and working conditions, which the Chirac-Juppé government wanted to reduce to the level of other European countries. Public service workers formed the core of this movement.

After three and a half weeks of strikes, in which at times millions participated, and in which railway workers played a leading role, the unions betrayed the struggle. The unions came to an agreement with the government, which, although retracting the most provocative of the measures—such as the abolition of the public service pension schemes, the closure of 6,000 kilometres of railway track, and the destruction of tens of thousands of jobs at the SNCF—accepted the further gutting of public service pensions, child allowances and other social services.

In comparison to the rapid job destruction carried out on the railways in other European countries in the first half of the 1990s, SNCF officials proceeded more slowly after Juppé's plans were shattered. Between 1990 and 1998, almost 60 percent of 482,000 railway jobs in Germany were destroyed; in Denmark it was almost 50 percent of 20,400 jobs; and in Italy, 41 percent of 200,400 jobs. In France, however, "only" 13.4 percent of some 202,000 jobs were lost. By 1998, SNCF still had 175,000 employees.

Supported by directive 91/440, drawn up by French Socialist Party minister Quilè, the Juppé government in 1997 formed a partially state-owned company for the railway network called RFF (Réseau ferré de France), with around 200 employees. Although it was organisationally separate from SNCF, it was operated by it. From this point forward, the SNCF had to pay billions of francs every year for the use of the network.

The unions accepted this first step on the road to privatisation in return for the retention of the special pension conditions of the 180,000 railway workers, even though these workers had defended these conditions in the 1995 strike. In addition, the unions received assurances that working conditions would not be changed and SNCF would be retained as a single entity. Although the Stalinist-dominated General Confederation of Labour (CGT) trade union umbrella organisation and the CFDT and SUD unions nominally opposed the separation of the railway network from SNCF, they only called a one-day poorly-supported strike on the day the legislation was passed.

In Germany, a series of laws have been passed since 1993 to restructure the public service regulations at Deutsche Bahn (DB). By 2000, only one quarter of all DB workers were in the employ of the public service. Similar developments occurred in nearly every other European country, with the exception of France, where the majority of rail workers are still employed as public servants and with the guarantee of secure employment, better health insurance and other benefits.

In 2000, the "plural left" coalition government legislated the regionalisation of SNCF. With this, the European directive to open up the railways to competition was realised. The aim of splitting apart SNCF into various regional, multi-regional and national units was to reduce costs by shifting fiscal responsibility to the individual regions and cutting federal funds for administration and regional services. The result was the complete shattering of the previously unified organisation.

In the beginning of 2001, the Socialist Party-led government of Lionel Jospin attempted to raise the retirement age from 60 to 65, provoking a wave of strikes and mass demonstrations, in which the entire public service throughout France participated, including rail workers. The government reacted with state repression, using the CRS special riot police.

The head of the employers' federation, Baron Ernest-Antoine de Seillière, was made the bogeyman by the unions, which were silent about the attack on the working class by the so-called left government.

While the unions publicly denounced Seillière, behind closed doors they gave him assurances that they were willing to make concessions in order to "guarantee" the solvency of the pensions. At the same time, the Transport Minister, Jean-Claude Gayssot of the French Communist Party, announced his support for the EU directive granting private companies the right to enter European rail operations.

After his re-election in 2002, for the first time, French president Jacques Chirac demanded restrictions on the right to strike. A "minimum service" should be introduced in order to guarantee a level of service during strikes in the public sector, he demanded. However, this "high-risk project of the government" (*Le Monde*) was put on the back burner temporarily, for fear of the reaction it would provoke in the working class.

Since 2002 the workforce at SNCF has been reduced. In September 2003, SNCF CEO Louis Gallois (later employed by Airbus and EADS) announced that the number of new employees hired would be cut by 1,000.

In Spring 2003, millions of workers went out on strike and demonstrated against the plans of the conservative government to increase the number of working years and to cut pensions by 30 percent. In the end, the unions succeeded in splitting the mass movement into individual days of action, winding it all down shortly thereafter.

In 2005, French voters rejected the right-wing draft European Constitution. However, this did not stop the campaign to privatise SNCF, which proceeded apace. The railways were to be split into four separate competing organisations, operated exclusively on the basis of profit, bringing the SNCF into line with other European railways.

The break-up was based on the divisions of freight transport, passenger transport, European transport, and infrastructure. In the infrastructure division, thousands of kilometres of track are threatened with closure due to their poor state of maintenance. If operators want to open new lines, these will only be created through finances from joint public-private partnerships. In the meantime, station operators are now only signing fixed-term contracts.

The brutal restructuring based on forcing concessions from rail workers and at the cost of passengers finally saw SNCF record its first profit in 2004. In 2006, its profit was 5 percent of turnover.

Further rationalisation is currently being implemented to prepare for the privatisation of goods traffic. From November this year some 262 of the 1,583 goods stations are to stop taking part-loads (*wagon isolé*), which is being written off as unprofitable, with the cargoes being transported by road.

In 2006, the then Interior Minister Nicolas Sarkozy worked with the unions to bring the protest movement of the youth against the CPE (First Job Contract) under control. Since then, the unions have moved closer and closer to Sarkozy.

In April 2007, the CGT worked with the government on a new pension scheme for SNCF, the Pension and Insurance Fund (*Caisse de Prévoyance et de Retraite*—CRP). Many employees expressed their disagreement with the plan after it became clear that it would drive a wedge between those still working and those who had retired. The CGT placed enormous pressure on these critics and even attempted to kick them out of the union. By demanding that negotiations be based upon branch specific pension rules, the unions tried to undermine a unified fight of workers, thereby playing into the hands of the government.

On August 2, 2007, President Sarkozy then included Chirac’s postponed “minimum service” measure in express legislation placed before the National Assembly. The new rules will come into force on 1 January 2008. Although it does not contain the original plan’s demand that striking workers be forced to maintain a defined level of service, it nevertheless aims at preventing significant strikes from occurring by increasing the warning period required before a strike can be held from the current five days to 16, and by prescribing binding negotiations. The legislation also forces workers to declare their individual intention to strike at least 48 hours beforehand, with the threat of disciplinary action if they refuse.

The French trade unions have not protested against this legislation. The CGT merely issued a communiqué stating, “We want to avoid conflict, negotiate over the causes and establish a true solidarity service in the interest of the public.” The CFDT union also made similar comments. It said that it had already proposed an *alarme sociale* (social alarm) system back in 1996 for the Parisian transport system, on which a large portion of the current legislation is based.

The bourgeoisie is resolutely determined to reorganise Europe into an open field for big capital. The railways are an example of how all wings of official politics—including the Stalinists—have joined forces to set the reactionary and anti-working class political course of the EU since the beginning of the 1990s.