

PSA Peugeot Citroën to slash 6,000 jobs in Europe

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On Tuesday French car maker PSA Peugeot-Citroën detailed the measures it would take to implement the €800 million cost saving plan it announced last month. Of 6,000 jobs being cut in Europe, 5,000 will go in France.

The issue is so potentially damaging to President Nicolas Sarkozy, whose opinion poll ratings are in the 30 percent range, that he has personally taken charge of the issue. Last week he declared, “I spoke this morning with [PSA CEO] Philippe Varin, and I can announce that there will be no redundancy plan in France at PSA.”

France's leading business daily *Les Echos* wrote Thursday that this is a “matter which is particularly sensitive for the government, five months from the presidential elections,” in which Sarkozy is seeking to maintain his office. Sarkozy's anxiety reflects the fear of the ruling class that, on top of the austerity measures announced last week and soaring unemployment rates, opposition among car workers or the broader working class could lead to a social and political explosion.

Sarkozy claimed that “company workers most directly affected by this plan will all be redeployed, either inside the company or outside, notably with its subcontractors....jobs must not be used as an adjustment variable.”

Whether Sarkozy's intervention will produce any change in PSA's job-cutting plans is unclear.

The business magazine *L'Expansion* published an article titled “Sarkozy's bluffing,” pointing out that 5,000 PSA jobs are due to go in France, and that nothing was being said about “what would happen to 3,000 other subcontractors' and agency jobs.” It continued, “What Sarkozy finds hard to admit is that he does not control the strategic decisions of PSA. Unlike 2008, the car maker is no longer bound by an automobile pact which prevents it sacking, and above all the state is not a shareholder in PSA, which it is with Renault.”

In fact, the automobile pact—part of a €6.5 billion

bailout of the French auto industry designed to protect its profitability—has not stopped the cutting of jobs. Over the last four years, PSA has cut some 23,000 jobs in France; in 2010, 12,000 jobs were created abroad.

Covert redundancy schemes presented as voluntary retirement abound—4,500 workers retired in 2008 based on such programs.

Public skepticism towards Sarkozy's announcements is well justified. PSA documents that emerged in June exposed detailed plans to close PSA plants at Aulnay-sous-Bois in north Paris, Sevelnord near Calais and in Madrid. (See: “Carmaker Citroën-Peugeot to close plants in France and Spain”)

In one article, *Le Monde* detailed Sarkozy's record of unrealized promises to save jobs and plants. The ArcelorMittal blast furnaces at Gandrange, which Sarkozy visited in April 2004 and promised to keep open, shut down in March the following year. A similar visit in 2008 to the Renault plant at Sandouville did not prevent its workforce of 4,500 from declining to 2,500 today.

The government hides this record behind empty economic patriotism, claiming to save jobs while it collaborates with the union bureaucracy and its “left” backers in massive job or wage cuts and orderly plant closures at Continental, Renault, and other auto industry firms.

The slowing up of the European and world car market means that to reduce backlogs of unsold cars PSA has been resorting to temporary layoffs and stopping production lines. PSA CEO Philippe Varin told the press on October 27 that pricing in the European market has become a major problem. Competitors slashed car prices in September, and the company had to follow suit to avoid losing market share, especially in the small car segment.

Le Figaro pointed out that in Europe “the debt crisis” has started to create a drop in demand and quoted carmaker Renault's commercial director Jérôme Stoll:

“We observe that over October/November there has been a drop of 9 percent in orders throughout the European market.” In France, car orders dropped about 15 percent in September, to their lowest level in 5 years.

This is part of a global slowdown in the car market. In China, sales fell by 1.1 percent in October. Experts predict an increase of 5 percent in 2011, well below the 10 to 15 percent predicted at the beginning of the year. In the same period, India saw its market fall 24 percent, the biggest fall in 10 years. Experts estimate India should show an increase of only 2 to 4 percent by the close of the budgetary year at the end of March 2012 as opposed to a 10 to 12 percent rise previously.

PSA is cutting production in France not due to a lack of funds, but to make larger profits by moving production to lower-wage areas experiencing greater economic growth. Of the seven new plants PSA is building, one is in India, one in Russia and three in China.

Boursier.com wrote that while the 6,000 job cuts were being announced in France, “Thierry Peugeot, chair of the supervision council (*conseil de surveillance*), was greeting [Brazilian] President Dilma Rousseff. They celebrated the doubling of production at its Porto Real site. As in this South American country, savings in Europe are also going to enable PSA to finance new factories in the Chinese, Indian and South American markets....Philippe Varin confirmed the sum of €3.6 billion earmarked for investments due to raise sales outside Europe to 50 percent. In the first quarter they were still 39 percent. ‘Even in a good year, Europe won’t see a growth above 2 percent....Growth must be captured elsewhere, in China and Brazil’, stressed Laurent Petizon, a specialist in the auto sector at the consultant firm AlixPartners.”

PSA and Sarkozy are relying on the fact that the trade unions will organize no serious opposition to their policy. The unions fully supported the government bailout of €3 billion each to PSA and Renault to tide them over in the recession of 2009, as well as the €1 billion in subsidies in the “cash for clunkers” scheme. The money was used to maintain profitability and finance downsizing and the relocation of production.

The unions are trying to divert public opposition to job cuts along nationalist lines, arguing that jobs in France should be saved at the expense of workers’ jobs abroad. Jean-Pierre Mercier, CGT official at the Aulnay plant, called PSA’s policy “sickening and revolting,” explaining, “PSA can afford to keep jobs in France. Management is accelerating the development of R&D

centres in Shanghai and Sao Paolo, and probably in India...The international development of the group can’t be carried out by cutting jobs here when it’s us who have created PSA’s wealth.”

The SUD (Solidarity-Unity-Democracy) union, which has close links with the New Anti-Capitalist Party and a long record of complicity with the CGT in selling out workers’ struggles, declared, “We are convinced that we can make PSA management back down, by using legitimate methods, notably by recourse to a national strike.”

While workers are indeed open to an appeal to strike action, the trade unions—SUD included—are deeply hostile to issuing such an appeal. They fear this might trigger a political explosion, which would escape their control and bring down the Sarkozy government. SUD’s calls for a “national strike” have an empty and ritualistic character.

The unions’ perspective for keeping jobs in France on the basis of the profit principle paves the way to forcing massive wage cuts against the workers—the role being played by the UAW in the US. The UAW has helped the car companies to impose cuts for newly hired workers of 50 percent in previous union hourly rates of \$28—then congratulating themselves on bringing back production from low-cost countries like Mexico and China.

The only way to fight this worldwide race to the bottom, pitting workers against each other across all borders, is for workers to break with the unions and their pseudo-left political allies. They must build action committees independent of the unions, linking up with workers internationally on the basis of a political struggle for the social ownership of the motor and other industries and the banks under the democratic control of the working class.



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