

French bank Crédit Agricole to cut 2,350 jobs worldwide

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16 December 2011

France's largest bank, Crédit Agricole, with 28 percent of the French market and the seventh largest in the world, announced Wednesday that it will cut 2,350 jobs worldwide. About 850 jobs are to go in France. The bank employs 110,000 people in France and some 50,000 abroad.

Les Echos of December 14 commented: "Crédit Agricole wants to act fast and strongly to show its ability to respond under adverse market conditions, which restrict access to refinancing from the European banks. It is pointing out that it has made savings of €9 billion in the consumption of liquidities (the cash the banks need to be able to lend over and above the quantity of sums deposited and kept) out of the €50 billion due to be saved by the end of 2012.

"Crédit Agricole's credit and investment bank CACIB will withdraw from 21 countries but remain in 32, which, however, represent 84 percent of its world income."

Other French banks, including BNP Paribas and Société Générale, have announced imminent job cuts. This comes in the context of a crisis of European banking in which virtually all banks have had their credit ratings reduced because of exposure to virtually worthless sovereign bonds, in particular those of Greece and Italy.

In November, Crédit Agricole reported a 65 percent drop in third-quarter profits after being hit by losses on Greek sovereign debt. The bank wrote down its exposure to Greek government debt by 60 percent, taking a €637 million loss. Ratings agency Moody's downgraded Crédit Agricole from Aa1 to Aa2 and Société Générale from Aa2 to Aa3 because of their difficulty in borrowing money. BNP Paribas was kept on review for a possible downgrade. Since February, share prices of European banks have plummeted—Crédit

Agricole and Société Générale by two thirds and BNP by more than 50 percent.

In 2006, Crédit Agricole's shares were quoted at over €32. Last Friday, they stood at €4.79. The bank's involvement in the US subprime market in 2007-2008 brought losses of more than €3 billion.

The BBC reports on the uncertain state of European banks: "French central bank head Christian Noyer welcomed the downgrade decision as 'relatively good news'...the same level as other major European banks—HSBC, Barclays, Deutsche Bank, Credit Suisse."

The *Financial Times* reported on Wednesday: "[B]anks stuffed themselves to the gills with sovereign debt, not just from their home countries but across Europe. Even as the crisis started to erupt in late 2009, bankers say several institutions stocked up on Greek debt because of the extra yield it offered", as well as the belief that the EU would use public funds to bail them out if they collapsed in value.

Plans reached at the beginning of December in negotiations with the 27 nations of the European Union, led by German chancellor Angela Merkel and French president Nicolas Sarkozy, gave assurances that banks in trouble—due to their (highly profitable) speculation with Greek, Italian and other national bonds—will be bailed out in the event of a national default by the troika composed of the EU, the European Central Bank and International Monetary Fund. The accompanying social counter-revolution designed to make the working class pay for the crisis is already well under way in Ireland, Portugal, and Spain. Greece and Italy have now installed, at the behest of the troika, unelected governments of financial technocrats in order to impose intolerable cuts in living standards and defend the banks.

In the last few days, several major French companies have announced cost-cutting exercises involving large job losses.

- The nuclear energy giant Areva, hit by the Fukushima disaster and the consequent reduction in nuclear power by countries such as Germany, is cutting more than 1,200 jobs. The unions estimate more than 2,000 out of the company's worldwide workforce of 48,000 will go. Areva has also announced a pay and recruitment freeze.

- PSA Citroën Peugeot has plans to cut 1,900 permanent jobs in France, according to a management document published by AFP. On top of this, some 2,400 subcontracting jobs and 800 temporary jobs are due to be axed in 2012.

- Air France, which has shed 4,000 jobs over the past 15 months, has announced 2,000 more as part of a three-year €800 million cost-cutting exercise—a total of 10 percent of its workforce.

The unemployment rate in France was reported at 9.7 percent in the third quarter of 2011. This is up 0.2 percent on the previous quarter, nudging towards the 1994 high of 11.8 percent. For workers under the age of 25, the jobless rate stands at over 21 percent.

In an attempt to divert the anger of workers and turn them against their foreign counterparts, the entire political elite—ranging from the neo-fascist National Front and the ruling Union for a Popular Movement to the bourgeois left Socialist Party, the Communist Party, the Left Party of Jean-Luc Mélenchon and the trade unions—have responded with the chauvinist, protectionist slogans “Produce French”, “Made in France” and “Industrial patriotism.”



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