

Hollande backs the destruction of auto jobs in the name of French competitiveness

Anthony Torres
1 August 2012

A plan to support the French auto industry, announced by President François Hollande on July 25, officially confirms the anti-working class industrial policy of the country's new Socialist Party government.

The new plan, which consists largely of protectionist measures, aims to create €1.5 billion of savings at the expense of the working class.

The plan also increases ecological bonuses for electric and hybrid vehicles, with the aim of favouring French companies that make electric cars (the Renault Fluence and Zoé models, due to be launched in 2013) or hybrid models (the Peugeot 3008). The Hollande government is using protectionism in an effort to increase the profitability of French auto production.

Moreover, Hollande indicated that he would not oppose the main lines of auto maker Peugeot-Citroën PSA's current attacks on workers. PSA reported losses of €819 million in the first quarter of 2012 to justify the axing of 8,000 jobs and the closure of its Aulnay-sous-Bois plant.

Peugeot CEO Philippe Varin expects to achieve €600 million in savings this year in addition to a reduction of €550 million in development costs and an optimisation of production costs of €350 million. PSA, currently losing €200 million per month, hopes to halve this loss in 2013 and break even in 2014.

The Socialist Party (PS) government, the "far left" political parties and the trade unions had criticised PSA's measures, including the major plant closure. When the government program for the auto industry was published, however, Hollande just passed over the PSA plan in silence. This demonstrates the cynicism of the government, which had declared Varin's initial statements regarding the assault on PSA workers to be "unacceptable".

Hollande, according to government spokesperson Najat Vallaud-Belkacem, "at the July 25 cabinet meeting welcomed the auto industry aid plan, 'a global and coherent plan', and 'long-term'". The axing of 8,000 jobs and the closure of Aulnay are in the new plan and are now considered to be "coherent" by Hollande.

Concerning the redundancy plans which must "straight away be faced up to", Prime Minister Jean-Marc Ayrault merely wanted "the negotiations between PSA and the workers to go forward in the best possible way".

The government and Hollande's acceptance of PSA's plan, under which workers are in the first line of attack, reflects the class character of the Socialist Party, one of the main political defenders of French capitalism. The Holland government is striving to lower workers' living standards so French business can compete with its global rivals.

The French unions demonstrated with workers to protest against the new plan, although they plan do nothing to prevent the sackings and the closure of Aulnay-sous-Bois. Union officials are only calling for mobilisations in September. Their principal concern is to preempt a movement of resistance by workers. Demobilising and demoralising workers in futile actions is one of the means of imposing the sackings and closures, with which the nationalist French unions are in essential agreement.

The political right has opposed the PSA plan, which, they claim, does not go far enough in regard to competitiveness and labour costs. "This plan will be disappointing if it does not deal with the real issue, which is the lowering of labour costs", warned Valérie Pécresse, the UMP (Union for a Popular Movement) deputy for Yvelines and former budget minister, on

RTL radio.

These remarks reflect more openly the nature of the debate taking place in the French ruling elite. These calculations will emerge in September when Louis Gallois, former chief executive of aerospace giant EADS NV (the parent company of Airbus), will unveil his report on measures to be adopted to improve the French economy's competitiveness. Deep cuts in social spending will then be negotiated between the trade unions, the government and the employers' associations.

During a recent economic forum in Aix-en-Provence, in the south of France, Gallois explained to the business daily *Les Echos*: "There's a broad consensus on the phenomenon of a national decline in competitiveness that seems to be ineluctable, a decline whose elements we see every day in the press, with [announcements of] redundancy plans and, obviously, our massive international trade deficit. I think we're going to have to create a competitiveness shock which must affect the exposed sector".

He added: "To affect the exposed sector the shock must be quite massive and involve social contributions, concerning relatively high salaries. It involves transferring €30 to €50 billion to have any significant effect." At the gathering in Aix-en-Provence, business executives complained that French labor laws were too restrictive, wage costs and social charges too high and corporate taxes too steep.

The government and Peugeot will base themselves on Gallois' upcoming report to justify the plant closures and sackings at PSA and also to deepen the attack on the standard of living of auto workers and workers in other industries. French capitalism intends to become "competitive", in other words, like every other ruling elite in the world, at the expense of the working class.

On July 25 Minister for Industrial Recovery Arnaud Montebourg denounced "acts of unfair competition" by South Korean auto manufacturers. The latter have increased their market share in Europe since the signing of a free trade agreement with the European Union in October 2010.

Montebourg told the media: "This free trade agreement between the European Union and Korea was naively enacted last year and today we find ourselves with increases 1,000 percent in [South Korean] market share of small capacity diesel vehicles".

This demagogic statement is an attempt to divide French workers from their class brothers and sisters in South Korea and Asia. In the reactionary name of "competitiveness" and defending the national economy, French workers will be called on to sacrifice their social gains by the Socialist Party government and its accomplices.



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