French government opens up public bank for small businesses

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France's Socialist Party (PS) government has announced the launching of its Public Investment Bank (PIB) to aid small and medium-sized companies to develop "innovation" and compete in global export markets.

As private banks refuse to finance small businesses, the government will use public funds, while it continues to cut public spending in order to reach the European Union (EU) objective of public deficit of only 3 percent of Gross Domestic Product (GDP) by 2017.

The PIB will start operations next January. Its president, Jean-Pierre Jouyet, immediately made clear that the bank would not aim to save jobs. In reply to a question on the bank being used to finance production at the steel works at Florange in eastern France, where 600 jobs are threatened, Jouyet said the bank was not intended to finance "lame ducks".

On the other hand, the government has stepped in with €7 billion to prop up another bank, *Banque PSA Finance* (BPF), part of the PSA-Citroën automobile group, that provides credit to car buyers. PSA, which is firing 8,000 workers and closing its Aulnay-sous-Bois plant, got the green light from the state to attack jobs and boost corporate competitiveness. The funds were necessary to save the BPF, which faced the threat of a credit rating cut by the rating agencies.

In return, the PSA has agreed to reduce layoffs by a few hundred jobs and allow the participation of union executives on the BPF supervisory board. This has been one of the demands of the CGT union's leader, Bernard Thibault, to facilitate greater union participation in the management boards of major corporations.

The PIB is an extension of the previous Strategic Investment Fund (FSI) set up by former right-wing president Nicolas Sarkozy. It has a capital of €42 billion, twice that of the FSI, to be used as "an offensive tool," according to Economy Minister Pierre Moscovici.

Prime Minister Jean-Marc Ayrault compared the PIB's role to that of Germany's public KFW bank, which has distributed €14 billion to some 20,000 firms since 2009. Union officials will sit on a PIB national orientation committee with employers, to suggest areas of investment in medium-sized industry.

The PIB bank is being launched in a desperate attempt to boost French industry, which has lost nearly half of its world market share since 1990, decreasing from 6.2 percent to 3.6 percent of global trade. France's trade deficit reached a record €73 billion in 2011. The French government aims to increase industrial competitiveness by driving down wages and social spending—especially contributions to social spending paid by employers.

This policy is tied to a chauvinist protectionist campaign to buy "made in France" products, led by the Industrial Recovery Minister Arnaud Montebourg. Montebourg has raged against smartphones made from Chinese parts manufactured by Foxconn for Apple, Nokia and Sony. France and the EU, he said, must "restrain imports" made in China, which he says were based on "slave labour companies."

The "Made in France" campaign is a reactionary fraud, especially given that nearly half the components of "Made in France" products are themselves of foreign origin.

The French Observatory for Economic Forecasts (OFCE) presented its outlook for France in 2013 on October 18. It foresees unemployment rising to a historic record of 11 percent and zero economic growth. On last September 9, President François Hollande had declared that France "was due to turn the unemployment situation around within a year”.

As the PS helps impose austerity on the Greek working class, it is allowing unemployment to skyrocket in France.

The judicial liquidation of the Petroplus refinery near Rouen was announced last Tuesday with the loss of 550 jobs.

According to *l’Humanité*, the daily newspaper close to the French Communist Party, the unions led by the CGT are looking for a foreign investor to take over the plant: “We have spoken to potential investors at Netoil (whose head office is in Dubai), and Alafandi Petroleum Group (in Hong Kong),” announced the CGT’s Nicolas Vincent.

“We have reminded Hollande [the president] of his duties”, he said, promising that “the government’s support will be very strong”. The Petroplus unions have pleaded for the BIP bank to intervene, “We need only 1 percent of the €42 billion (of the PIB funds) to modernise the plant which would produce 8 percent of France’s refinery needs,” said Vincent.

At telecommunications parts manufacturer Alcatel-Lucent, 5,500 layoffs were announced worldwide last week. In Europe, 3,300 jobs are to go, with 1,430 announced for France; the plant at Vélizy employing 2,500 is earmarked for closure in 2014. The only plan the government has in the midst of this economic and social carnage is to cynically propose typically unsuccessful searches for potential buyers.

This policy is supported by all the unions in the name of preserving French industry. The result is a widening of profit margins of the ruling elite and a global race to to the bottom amongst countries competing to offer the cheapest labor costs.