French government set to impose wage cuts demanded by the banks

Pierre Mabut
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French President François Hollande of the Socialist Party (PS) was interviewed on television last Tuesday to mark his two years since taking office. He has since become the most unpopular president since the founding of the Fifth Republic in 1958, with only 21 percent approval ratings.

After making false promises that he would reverse unemployment trends by the end of 2013, while allowing employers to mount mass sackings, he pledged not to stand for re-election in 2017 if unemployment was not reduced.

Hollande proclaimed unemployment, which now stands at 10 percent and set to rise this year to 10.4 percent according to OECD figures, to be his “obsession.”

“I have nothing to lose”, he said, pointing to his intention to deepen attacks on workers' living standards and workplace rights. The already announced public spending cuts of €50 billion by 2017 and €35 billion in tax breaks for the employers in the “responsibility pact” are just the start.

Hollande shared his regrets after two years in office. His regrets were not for the attacks on workers' jobs and misery created by his austerity program, but for failing to introduce more quickly a bill on gay marriage rights and not having alerted French people to “the gravity of the crisis.”

However, the real obsession of Hollande and his Socialist Party (PS)—to which history testifies—is to make French business competitive on the world market at the expense of the working class. His deal with the unions with the agreement on “competiveness and security of jobs (read flexibility)” in 2013 have taken their toll with massive job losses.

His recent nomination of right-wing Prime Minister Manuel Valls after the PS debacle in the municipal elections is the opposite of any concern for the unemployed. Speaking ostensibly to the “French people”, the message was really aimed at reassuring employers, the banks and the European Union.

“We have to go faster because for French people it is unbearable, they want results. We will go faster on local government reforms, on reducing labour costs."

François Hollande is under increasing pressure from the European Commisssion and the banks to cut wages and create a flexible labour market. The head of the French Employers Federation Medef, Pierre Gattaz, with whom Hollande and the trade unions are working closely, now insists they should “negotiate” abandoning the minimum wage (SMIC) of €1,128 net per month, and replace it with an “intermediary SMIC.”

Gattaz claims this would reduce unemployment. “Our employers are frightened to hire”, he said. “Let’s lower this fear by levelling down the SMIC.”

Gattaz wants a low-wage sector subsidised by the state agencies which resembles in all respects the Gerrman Hartz IV reforms: forcing people into cheap employment, slashing unemployment benefits, and generally cutting wage levels. Currently, 3.1 million workers receive the SMIC out of a 28.8 million workforce—not including temporary agency workers and apprentices.

At present, one in eight private sector workers earn the SMIC, 10 percent more than in 2011.

Hollande’s dubious pledges that he will reduce youth unemployment rely above all on employing them under poverty-level conditions, slashing wage levels and particularly the minimum wage, as already rumoured by Gattaz. Since 2013, the PS government has reduced funding for apprenticeships by 20 percent, leading to 8 percent fewer apprentices. The total of 420,000 places today will be increased to 500,000 by 2017, he claims.

Now, the governor of the French central bank has added his call to that of Gattaz to lower wages. Christian Noyer, also a member of the European Central Bank, estimated in the bank's annual letter to the French president that Hollande should go a lot further.

"It is necessary to understand that the reduction in employers' social contributions is not a sufficient condition for the restoration of competitiveness ... The labour market remains too rigid and gives little incentive to companies to take risks in creating jobs," he wrote.

Noyer says the freeze in 5 million public sector workers pay until 2017 is not enough. He demands redundancies and says the Hollande government should reappraise the SMIC which according to Noyer is "very prejudicial to employment".

The EU is cracking the whip through Noyer, demanding that Hollande devastate workers' rights and living standards and cut public deficits down to 3 percent of Gross Domestic Product by 2015. This looks increasingly doubtful without further massive attacks along the lines of the social devastation imposed in Greece.

The European Commission has warned France that its predictions of 1.7 percent growth in 2015 are unrealistic. It projected that the public deficit will still reach 3.4 percent in 2015. Public debt will be 96.6 percent of GDP, breaching the EU's budget limits.

The PS government will impose all the diktats of Brussels—even with empty, token criticisms from PS deputies in the National Assembly—with the support of the trade unions and their pseudo-left apologists. The deception felt by workers about the unions' betrayals of their interests is confirmed in a recent poll.

It found that 68 percent of those questioned had no confidence in the unions—a sharp rise from 47 percent in 2010, when they imposed pension cuts demanded by right-wing President Sarkozy.