France’s Socialist Party pushes free-market deregulation with Macron Law

Kumaran Ira
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On December 10, French Economy Minister and former Rothschild banker Emmanuel Macron of the Socialist Party (PS) presented a pro-business deregulation bill, known as the Macron Law, to the cabinet. In the name of boosting “growth and economic activity”, the bill aims to impoverish the working class and sections of the petty-bourgeoisie in the interests of the financial markets.

The summary of the bill reads: “To put France back in the lead, modernizing the French economy is a must. The objective of the bill for growth and economic activity is to give society energy and confidence, to simplify it, and to open it up. ... It is built around three axes: liberating, investing, and working.”

The bill includes measures such as privatizing state-owned assets; eliminating restrictions on starting business; reforming labour courts to limit the number of disputes workers bring against sackings and speed up the resolution of these disputes; de-criminalizing corporate violations of the labour code, to make them punishable only by fines; deregulating conditions of work for professions such as notaries and lawyers; and easing restrictions on Sunday store openings.

These reactionary measures, hailed by business, are deeply unpopular. Before the bill was unveiled, notaries and pharmacists took to the streets to protest deregulation. They fear that the bill could cut prices of services they deliver by 10 to 20 percent.

According to the bill, the number of Sundays in a year that local authorities can authorize general shop openings will increase from five to 12. However, shops in “international tourist zones” such as Paris will not be restricted to 12 Sundays and will be allowed to stay open until midnight.

Workers asked to work Sundays will not receive any overtime pay. Yesterday, commerce-sector workers in Paris protested against working on Sundays as well as for better wages overall.

The government plans to privatize major state assets, selling large parts of its stakes in airports in Nice and Lyon, which are currently 60 percent owned by the state. It has already sold part of its stake in Toulouse-Blagnac Airport. In total, the government plans to sell €5 to 10 billion of its €100 billion portfolio of assets over the next 18 months, allocating €4 billion of the proceeds to debt reduction.

These reactionary measures come on top of €40 billion in handouts to business due over the next three years and labour market reforms designed to scrap labour costs.

The bill was presented just after Germany and France offered a joint plan for economic reforms, dubbed the “road map,” last month. The report called on France to push through greater labour flexibility and deep cuts in social spending to bring the country’s public spending down from 57 percent to below 50 percent of gross domestic product in the coming years.

The deregulation plans enshrined in the bill are in line with long-standing demands from the European Union (EU) to accelerate pro-business structural reforms. They come after the EU gave France and Italy a March deadline to prove that they are determined to accelerate pro-business measures to balance their budgets.

Last week, in an interview published in the *Welt am Sonntag* newspaper, Germany’s chancellor, Angela Merkel said, “the European Commission has made clear that what’s on the table isn’t enough”, adding, “I would subscribe to that view.”

The EU and big business hailed the Macron law. Before the bill was presented to the cabinet, the euro zone finance ministers praised it in a joint statement on December 8: “We welcome the commitments of France to address the structural weaknesses of the economy and encourage the implementation of the ambitious and wide-ranging reform agenda."

The French employers' federation Medef welcomed the bill, praising it as a "real step in the right direction".

"This won't be a revolution but it's a step in the right direction," said François Cabau, an economist at Barclays Plc in London. "It's comprehensive, it marks a significant change in tone and above all, it's already on the table."

On December 10, The Economist wrote, "The bill will test how far the government is prepared to go in matching its market-friendly talk with concrete measures. It will also test [Prime Minister Manuel] Valls' political determination. A few Socialist deputies, who have abstained recently over the budget, have even threatened to vote against the Macron law, an act of outright rebellion. If his restless deputies make it too risky for Mr Valls to try to push the law through parliament, he will need to decide whether he is ready to force the changes through by decree."

The right-wing measure underscores the deeply reactionary character of the PS government and its pseudo-left allies, such as the New Anti-Capitalist Party, that supported President François Hollande in the second round of the 2012 elections.

Valls has bluntly called for "abandoning the approach of the Thirty Glorious Years" of the 1945-1975 post-war economic boom, and for pursuing a policy of de-industrialization and scrapping of all the social gains made by the working class after the overthrow of the Nazi-collaborationist Vichy regime.

Macron himself said his policy is modelled on the pro-business policies of former British New Labour Prime Minister Tony Blair. Macron hailed Blair's scrapping of Clause IV—which was adopted by the Labour Party in 1918, and which called for the common ownership of the means of production—two decades ago as a significant turning point.

"This is like a Clause IV moment," Macron told journalists last month. "By the time Tony Blair pushed the change through few people really believed in nationalization. But it was symbolic; it demonstrated how things had changed."

While the PS cynically declined to nakedly embrace anti-worker policies and denounce socialism as Blair did, it has shifted its policies far to the right over that period. It has presided over deep attacks on the working class, the rise of the number of unemployed or underemployed workers to over five million, and an accelerating collapse in working class living standards.

A report released by the Social Affairs Ministry found that the number of people receiving emergency minimum social benefits is rising quickly: "The number of recipients of emergency minimum social benefits rose 4.4 percent in 2012, to 3.8 million people." Once spouses and dependent children are taken into account, this means that 6.8 million of France's 66 million population are dependent on emergency minimum benefits.