

French Socialist Party government announces new round of free-market reforms

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After pushing through a pro-business deregulation bill without a parliamentary vote last month, the Socialist Party (PS) is preparing a new round of unpopular austerity measures and structural reforms, including attacks on labour law protections, health care, and unemployment benefits.

After granting Paris a new two-year delay to meet an EU deficit target of 3 percent of GDP, the European Commission told Paris to intensify structural reform and austerity measures. On Friday, the EU called on Paris to reduce French structural deficit by 0.5 percent of Gross Domestic Product (GDP) in 2015, 0.8 percent in 2016, and 0.9 percent in 2017.

The EU gave the PS until June 10 “to take effective action and to report in detail the consolidation strategy that is envisaged to achieve the targets,” according to *EU Observer*. Paris will therefore look for an extra €4 billion worth of cost cutting measures. A Commission official stressed that Brussels “is waiting for a structural answer, not one-shot measures.”

After the EU gave France a further two years’ time to meet the deficit targets, some German politicians criticized the EU for being too soft on France. Gerda Hasselfeldt of the CSU (Christian Social Union of Bavaria), wrote to European Commission President Jean-Claude Juncker to urge him to enforce the rules. *Die Welt am Sonntag* quoted her saying, “It is our responsibility for the EU and for the euro zone not to tolerate exceptions.”

On Monday, French Economy Minister Emmanuel Macron met with EU officials in Brussels to convince them of Paris’ intention to implement structural reforms. After the meeting, Macron said, “We have planned 50 billion [euros] in cuts from 2015 to 2017 and we will make them. We will also keep our engagement of cutting the budget deficit to 3 percent

[of GDP] by 2017.”

According to *Le Journal du Dimanche*, the government is planning slashing cuts that will transform France’s social fabric: “The idea in Matignon [the prime minister’s office] is to advance to a ‘new social order,’ the expression used in [Prime Minister] Manuel Valls’ entourage. The issues on the table are all explosive: the length of the work week in firms that are struggling, unemployment insurance, pension programs ... They will not all be in the first ‘work law,’ but as the executive sees it, they should move along ‘quickly.’”

Last Wednesday, Valls met with business groups and union officials to present new reforms to modify workplace representation, or “social dialog,” due to be adopted in parliament by the summer. The government is taking over the labour bill after business groups, and the union bureaucracy failed to reach an agreement in January. Valls claimed his government is “facing up to its responsibilities” to implement a “necessary” reform.

The PS has been able to impose such measures since coming to power in 2012 primarily because the deep opposition to austerity in the working class in France and across Europe has been systematically suppressed. The union bureaucracy and pseudo-left parties like the New Anti-capitalist Party (NPA), which called for the election of PS President François Hollande in 2012, oppose a political mobilization of the working class against the PS government. On this basis, Valls and Hollande are pushing ahead with further cuts.

Valls called on trade unions and employer organisations to quickly launch talks on the unemployment benefit system, another reform urged on France by the EU.

The government is planning a further €3 billion in budget cuts. Although the plan has not yet been

officially announced, business magazine *Challenges* reported: “A large part of the cuts will come from ‘controlling the total wage bill’ by 860 million euros. This means cutting 22,000 jobs, or 2 percent of public hospital staff.”

The government reportedly also plans to cut the price it pays for drugs and more expensive medical procedures and cut hospitalization times by pushing for patients to rely more on outpatient surgery.

Business groups have called for relaxing rules on “social dialog” in the workplace in order to eliminate whatever tenuous protections are offered by current workplace negotiation procedures. Business groups denounced the current measures as too expensive.

Currently, so-called “social thresholds” (*seuils sociaux*) set out companies’ obligations based on the number of employees. Businesses with fewer than 11 employees have no obligations. Companies with more than 11 employees must organize the election of employee representatives. At 50 employees or more, businesses must create a works council, create a committee on health, safety and working conditions (HSC) and establish a job preservation plan in case of mass layoffs.

The Medef business federation criticised the current thresholds and obligations, calling them “costly and paralyzing.”

The CGPME small business federation complained, “A firm going from 49 to 50 workers faces 35 new obligations, and its labor costs go up 4 percent.”

In response to business demands, the reform would “set up a single employee representative body for [companies] up to 300 employees as opposed to the current 200, giving companies the chance to adapt the structure of their employee representative bodies by collective agreement.” For companies with fewer than 11 employees, the government proposes setting up regional committees made up of 10 employee and employer representatives respectively.

The PS government is cynically presenting it as “major social progress.” In fact, it aims to reorganise the workforce in favor of business, further dismantle workers’ rights, and set up precedents for wider attacks against the entire working class.

The unions cynically opposed the measure during their negotiations with the bosses, but they have stated that they expect that the government will pass the bill.

Under the new law, the unions would coordinate more closely with employers to police the entire workforce, enforcing even harsher concessions than those they have already offered.

After the meeting with Valls, the PS-linked French Democratic Labour Confederation (CFDT) union hailed the bill, dubbing it “a victory” for workers in small business and claiming that “no prerogative” had been removed for others.

Other unions, including the Stalinist General Confederation of Labour (CGT) and FO (Workers Force), which endorsed previous labour reforms, cynically called yet another day of action for April 9, more than one month away.



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