French unions impose wage rises well below inflation

Anthony Torres
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After millions across France joined a one-day strike against Emmanuel Macron’s pension reform on January 19, a confrontation is rapidly emerging between the Macron government and the working class. The leadership of this struggle must be taken away from the trade union bureaucracies that negotiated this reform. The experience of the last year shows how the French union bureaucracies are aiding the ruling class’s systematic attack on workers’ living standards.

2022 was marked by a global surge in inflation to 9 percent and 10.1 percent in the Eurozone according to Eurostat. France saw inflation of 6.2 percent in 2022, with a peak expected in early 2023 of 7 percent according to The National Institute of Statistics and Economic Studies (INSEE).

Workers are the main victims of inflation and the economic crisis. In addition to the difficulties of eating and heating themselves, workers are collectively experiencing a drop in real wages of over 2 percent, even according to understated official statistics. In the Obligatory Annual Negotiations (NAO), where the union bureaucracy negotiates pay scales with employers, workers only obtained an average increase of 3.7 percent in 2022, well below inflation.

Workers will have to oppose the results of NAOs between the union bureaucracies, the state and employers in 2023. In the September-October French refinery strike, the workers of TotalEnergie and Esso demanded a 7 percent pay rise. Isolated by the unions and requisitioned by the state, the refinery workers only got an under-inflation raise in line with what was initially negotiated by the union bureaucracy before the strike.

In 2023, unions in many industries are again agreeing to increases well below inflation, expected to run at 7 percent or more this year. At Stellantis, despite several walkouts and a demand for an 8.3 percent pay rise, the Workers’ Force (FO) trade union group welcomed the final 5.3 percent increase: “We have achieved a fair level of negotiation, and above all one that can be applied immediately to the general increases, whereas management initially wanted to spread them out over the year.”

At Sodexo an all-union settlement only obtained a 4.5 percent pay rise for 2023.

For 2023, Decathlon workers were offered a humiliating 1.8 percent increase, or €24 monthly. In contrast, Decathlon’s deputy CEO, Jean-Marc Lemière, announced that in view of “the company’s economic performance and the stability of its financial situation,” he had decided in June to distribute €453 million in dividends to shareholders, which showed “the good economic health” of the company.

At the RATP, which manages Paris’s mass transit services, FO and the National Union of Autonomous Trade Unions (UNSA) negotiated an increase of €372 gross per month in return for an increase in drivers’ working hours. This will result in a reduction in the number of rest days from 121 to 118 in 2023, then to 115 in 2024.

The surge in exploitation of the working class is leading at the same time to a record explosion of corporate profits in France and internationally. In 2022, companies on the Paris based CAC-40 stock market recorded record annual profits. According to estimates by FactSet, the sum of the profits of the 40 largest companies listed in Paris is expected to reach €172 billion. This is up 34 percent from €128 billion in 2021. Compared to 2019, the last year “before COVID,” total profits have more than doubled.

The 40 companies in the CAC-40 distributed a record €80.1 billion to their shareholders in 2022, in dividends or share buybacks. According to the financial newsletter Vernimmen.net, dividends paid out amount to €56.5 billion, compared to €45.6 billion in 2021 and €28.6 billion in 2020.
This surge in inequality and class conflict is not a phenomenon isolated to France but the product of a global crisis of capitalism. Driven by soaring stock prices, the wealth of the super-rich has soared over the past decade. According to Oxfam’s Inequality Report, of every $100 of wealth created, $54.4 went into the pockets of the wealthiest 1 percent, while 70 cents went to the bottom 50 percent.

Food and energy price inflation is largely the result of the looting of the international working class by financial markets and corporations. According to Oxfam, “Food and energy companies are making record profits and paying unprecedented sums to their wealthy shareholders and billionaire owners.”

Oxfam continues: “For example, the fortune of Bernard Arnault, the richest man in the world, has doubled since the beginning of the pandemic, from €85.7 billion in 2020 to €179 billion in 2022. The CEO of the LVMH group has “a fortune equivalent to that of 20 million French people.” As an example, Oxfam estimates that “2 percent of the current wealth of French billionaires (which stands at €544.5 billion) would be enough to finance the pension system, without having to go through the reform and the planned increase in the legal retirement age.”

The same essential picture emerges across Europe. In the UK, the total dividend paid by the FTSE-100 index is expected to reach a record £79.1 billion in 2022, compared to £78.5 billion in 2021, excluding special dividends. The British bourgeoisie, which is also using the trade union bureaucracy to stifle a wave of strikes, intends to continue its plunder according to the analysis site AJBell: “Pre-tax income is expected to rise by 4% in 2023, while ordinary dividends are seen rising by 8% to £87.7 billion.”

In Spain, a country governed by a PSOE-Podemos alliance, the joint profit of the Ibex index will reach €56.321 billion in 2022. According to FactSet, this is just 2.5 percent less than the all-time record in 2021. According to a BME study, “In this context, there is a positive reading for the Spanish stock market, since the group of companies in the Ibex-35 presents a defensive sectoral structure against environments of inflation and rising real interest rates.”

The rise in inequality cannot be stopped by electing nominally “left-wing” capitalist governments. Elected in 2015 in Greece, Syriza (the “Coalition of the Radical Left”) betrayed Greek workers’ opposition to the EU memorandum in a referendum. Despite the mass opposition of Greek workers to austerity, the Syriza government of Alexis Tsipras imposed the austerity policy of the European Union and the banks.

Today in Spain, the pseudo-left Podemos party is overseeing the handing out of bailout funds to major corporations and banks, many of which have received billions of euros in direct state aid. This free money has fueled massive inflation in the value of all financial assets and wealth of the ruling class. In return, Podemos is pushing this inflationary crisis and the recession created by the financial aristocracy onto the backs of the workers.

The unions and the pseudo-left are participating in the transfer of record wealth from the workers to a parasitic ruling elite. At the same time the reduction in living standards of the working class is being used to release tens and hundreds of billions of euros to finance the war between NATO and Russia in Ukraine.

The rising intensity of economic inequality and class tensions portends a social explosion in the working class and the eruption of revolutionary struggles. But for this to happen, the fight against inflation, economic crisis and war must be taken out of the hands of the union bureaucracies and their pseudo-left allies. Workers must create their own organizations, independent of the old trade union bureaucracies and build the International Workers’ Alliance of Rank-and-File Committees to fight against social inequality and for the abolition of the capitalist system and for the building of socialism.