

Macron's Labor Reforms and Attack on Workers

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The first weeks of Emmanuel Macron's labor reforms have brought a wave of layoffs across France.

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It's been a rough start to the new year for the French job market. On January 9, Groupe PSA, Europe's second largest automaker, announced plans to cut 2,200 jobs across the country [1]. Shortly thereafter, Carrefour announced it would be slashing 2,400 posts [2] while clothing retailer Pimkie aims to eliminate 200 [3]. The announcements are a reminder that President Emmanuel Macron just completed the most sweeping labor law reforms in a generation [4].

After the union-backed protest movement fizzled out last fall, employers have begun to take advantage of the new rules: PSA secured more than half its job cuts through a measure that loosens legal restrictions on layoffs, and Pimkie aims to follow suit. On a smaller scale, newspaper *Le Figaro* aims to cut more than forty posts under the new buyout procedure. The cuts are especially striking at Paris-based Groupe PSA, which makes Peugeot and Citroën cars and just purchased Opel from General Motors last year for €2.2 billion. 2017 saw record sales for the company for the fourth straight year as well as historically high profit margins. As a disgruntled PSA metalworker in suburban Paris told *Le Monde*, "the better things are, the more they cut staff."

Labor in Retreat

Labor reform has been a key achievement of Macron's first year, succeeding where a string of predecessors failed. The new president had the advantage of a super majority in the National Assembly but nevertheless chose to pursue the reforms by executive order, thereby curtailing parliamentary debate and the possibility of unwelcome amendments. These circumstances all but required any successful opposition to come from the streets. Only massive disruption would have forced the government to relent.

France's labor movement, however, is in disarray. Two of the three largest unions declined to back mass mobilizations, including the nation's largest private sector union, the Democratic French Confederation of Labor (CFDT). Both decided their relationships with the Elysée weren't worth jeopardizing so early in Macron's term. That left the combative General Confederation of Labor (CGT) and the smaller left-wing union Solidaires with the task of jump-starting and leading a movement themselves. Participation in strikes and nationwide protest marches alike were limited, never truly exceeding a devoted left-wing base. In the one sector that saw mildly disruptive strikes — trucking, which has proven critical to past social movements — unions brokered a side agreement

with the government [5] exempting workers from the brunt of the reforms.

For organized labor, the events were a cruel reminder of its disconnect from French society. While unions wield hefty institutional might and negotiate contracts on behalf of nearly the entire workforce, they count just 11 percent of workers as members. That rate is about the same as in the United States. If twenty years ago French unions might have been able to mobilize significant numbers of non-members, they simply don't have the same reach today.

Meanwhile, the other natural opponents of labor reform failed to deliver. *France Insoumise*, led by Jean-Luc Mélenchon, promised mass protests. But the party overestimated its draw by calling for its own nationwide day of action rather than following the already badly overmatched labor movement's protest calendar. Students, the magic ingredient of successful French social movements, didn't turn out in significant numbers either.

Remedy as Malady

With the adoption of these labor reforms, France is passing through the first chapters of a familiar story across the west. Changes sold to the public as a means of reducing unemployment have, in fact, resulted in a wave of layoffs. Try telling a laid-off nurse or autoworker that a more flexible job market makes it easier for her boss to hire people in the future. As a PSA employee told *Le Monde* after the buyout announcement [6], "the Macron executive orders are a way of pushing people toward unemployment."

Research also shows the presumed link between shedding labor protection and job growth is tenuous [7] at best [8]. These conclusions are far from the scientific certitude with which the Eurogroup and European Commission recommend tearing up rules designed to protect workers [9]. Either way, the wreckage left by recent pro-business employment reforms across Europe is enough to caution skepticism of their future in France.

From 2010 to 2012, Spain hacked away at its labor code, loosening legal restrictions on layoffs and allowing companies to skirt industry-wide bargaining agreements. While the country's official unemployment rate has dropped since the height of the crisis from 25 percent to 16 percent, the quality of jobs created has been abysmal. More than a quarter of the Spanish workforce now has temporary gigs [10]. In Italy, which underwent similar reforms, the unemployment rate still hovers around four points above its pre-crisis level. In both countries, more than 60 percent of part-time work is involuntary, highest among OECD countries except for Greece.

Labor reforms were predictably unpopular in France, and a small majority even supported the protests to repeal them [11]. This helps explain why Macron pursued the changes during the honeymoon phase of his presidency. If his own approval ratings have since recovered from their low point last fall — 47 percent now have a "good opinion," according to a January 31 poll — the effects of labor reform will loom large for the remainder of his term. It is more than a safe bet that bosses will use the new law to their advantage.

None of this is slowing the government's agenda, though. Macron and his allies now aim to overhaul higher education with the introduction of new admissions procedures. Under the government's plan, first-year university students could be denied a spot in their preferred field of study — a measure seen by critics as the first step toward the sort of restrictive and expensive education model that predominates in the United States and United Kingdom.

Protests against the education reforms hit France's major cities on Thursday, the same day that the

government announced a campaign of voluntary buyouts in the civil service [12], an unprecedented move against some of the country's most secure jobs. Civil service unions, already facing a pay freeze for 2018, must now decide whether to strike in response. France's left can only hope that, at some stage, these streams of discontent flow into a broader front against the Macron agenda.

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P.S.

* Jacobin. 02.03.2018:

<https://www.jacobinmag.com/2018/02/macron-labor-reform-cgt-melenchon>

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Footnotes

[1] https://www.francetvinfo.fr/economie/emploi/plans-sociaux/psa-la-direction-veut-supprimer-2150-emplois-dont-1250-en-rupture-conventionnelle-collective_2552745.html

[2] <http://en.rfi.fr/economy/20180123-giant-retailer-carrefour-cut-2400-jobs-france>

[3] <https://www.mediapart.fr/journal/economie/090118/les-plans-de-rupture-conventionnelle-collective-deboulent-et-sont-deja-contestes>

[4] ESSF (article 43709), [France: The False Promise of Macron's Labor Reforms - They strike at the foundation of the French system](#).

[5] <http://www.rtl.fr/actu/politique/code-du-travail-que-contient-l-accord-obtenu-par-les-routiers-7790380042>

[6] http://abonnes.lemonde.fr/economie/article/2018/01/30/la-rupture-conventionnelle-collective-inquiete-chest-psa_5248923_3234.html

[7] http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_368626.pdf

[8] <https://www.tresor.economie.gouv.fr/Ressources/File/428944>

[9] https://ec.europa.eu/info/business-economy-euro/growth-and-investment/structural-reforms/structural-reforms-economic-growth_en

[10] <http://www.elmundo.es/economia/2018/01/15/5a5b9bca46163f87448b45b3.html>

[11] <http://www.bfmtv.com/politique/sondage-53percent-des-francais-favorables-a-la-mobilisation-contre-la-reforme-du-travail-1260519.html>

[12] <https://www.thelocal.fr/20180202/france-takes-unions-by-surprise-with-attack-on-public-services>