

In grim French north, worker protests seem doomed

LORI HINNANT - Associated Press - Associated Press

Workers at a dying French tire factory who have become the butt of American jokes staged a last-ditch protest on Tuesday to defy anyone — plant owner Goodyear, prospective buyers, even the French government — to try and take their jobs away.

They've say they've been fighting for 62 months to keep the factory operating and prevent Goodyear from shifting work to China. Goodyear says the tires made in their factory no longer sell, and the European market for tires — just like for cars — is contracting. But the workers' efforts seem doomed in a larger sense as a labor model that features high wages, long vacations and short work weeks is increasingly being called into question amid a weak economy.

It's a growing problem across France, particularly as the Socialist government of President Francois Hollande is under pressure from the European Union and financial markets to focus on cutting debt, rather than trying to prop up loss-making industries.

The protests at the plant in the northern city of Amiens came after efforts to find a new buyer for the struggling factory fizzled. The most promising prospect, an American executive, sent a letter last week to the French government saying that the country's economic model is too worker-friendly and discourages investment.

The factory's closure was announced five years ago by Goodyear when workers refused to accept any layoffs. It will be at least 2014 before the French government intervention runs its course and the plant ultimately shuts down.

"I have visited that factory a couple of times. The French workforce gets paid high wages but works only three hours. They get one hour for breaks and lunch, talk for three and work for three. I told this to the French union workers to their faces. They told me that's the French way!" Maurice Taylor, the CEO of Titan tires, wrote to the French government official trying to find a buyer. "How stupid do you think we are?"

The stinging letter infuriated France's political class and even drew a rebuke from the director of Goodyear France, who insisted that the accusations against the workers he's trying to lay off were "unfair."

"It is logical that companies make money. It is their first goal. But at some point, they also must divide the wealth fairly," said Mickael Wamen, a union leader at the factory who organized Tuesday's protest.

Figures from the Organization for Economic Co-operation and Development show France has one of the highest rates of productivity - measured as economic output

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per hour worked - in Europe. In fact, it is close to that of the U.S.

But that productivity rate in France also costs more because of higher taxes for companies. As a result, analysts and politicians say France, the continent's second-largest economy after Germany, is rapidly losing its competitiveness.

For weeks now, French government officials have hinted, warned and then finally outright acknowledged that the country was going to miss its EU-mandated deficit targets, that unemployment was certain to rise even beyond the current 10.7 percent, and that drastic spending cuts were going to hit every city and town for years to come.

Hollande was blunt on Saturday as he warned both European authorities and the French that things would get worse before they improved.

"2013 will be marked by more unemployment," he said.

Stephen Lewis, chief economist for Monument Securities, said Hollande's options were dwindling fast and was relying on the EU's leniency on deficit targets. The EU expects France's budget deficit to be 4.6 percent of annual GDP in 2012, well above the bloc's 3 percent target.

"His short-term option is to try to persuade the EU authorities to give him more leeway. Then he'll be able to continue with his budgetary policies and not impose more austerity on what already is an austere situation," Lewis said. "The moment that the EU acknowledges France has a problem is the moment when we have a major euro crisis."

For Amiens, with an unemployment rate at 12.5 percent and rising faster than all but one region in France, the future is here.

"Our country - like Europe in general - is on the verge of a social explosion," said Wamen, the union leader. "These who don't listen to the people, who don't listen to the rising anger are, in my opinion, dangerous arsonists because I think we are on the verge of a social explosion."

For Peter Morici, a conservative economist at the University of Maryland, the French need to come to terms with the fact that both their own economic model and that of the European Union have failed them.

"If they cut spending the economy will start to shrink. If they don't cut spending, they will go bankrupt," he said. "The realization is emerging in Europe that Europe is not going to get better."

Morici said it's clearly too late for countries like Greece, Spain and even Italy, where this week's elections called into question the country's very ability to govern itself. And France is out of options, he added.

That realization appears to be sinking in already in Amiens, despite the workers'

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promises to sue Goodyear and Titan and find a way to keep the factory going.

After a brief protest in the morning, they took a few hours off in the middle of the day before staging another demonstration march. But by mid-afternoon, all but a few dozen of the workers had trickled away, and only a handful returned to the parking lot to burn tires. Those, at least, were easy to find.

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