Macron Government Labour Reform Plans for France

Introduction
The French government of President Emmanuel Macron hopes to enact labour reforms in the coming months which are set to reduce the rights of workers both individually and collectively. This brief gives an overview of the proposed changes and the reaction from the union movement.

Macron’s election in May 2017
Emmanuel Macron was elected French President on 7th May 2017 under the banner of En Marche!, a centrist political movement he founded in April 2016. In the June 2017 legislative elections, Macron’s party, renamed “La Republique en Marche!”, together with its ally the Democratic Movement (MoDem), secured a comfortable majority with 350 seats out of 577.¹

Macron’s focus on labour reform
During his electoral campaign, Macron made loosening labour market regulations a top priority, saying he would seek parliament’s approval over the summer for powers to push through legislation by means of executive decree. This is a way of making reforms through parliament without lengthy negotiations, which will make it more difficult for unions to protest, although the specific new rules will still eventually have to be approved by parliament before they become law.² Macron also wants to put unions at a disadvantage by moving immediately and his goal is to complete the reforms by late September.³ This gives little time to react and build opposition, particularly with the holiday period ahead.

Key emphasis and drivers of the labour reform agenda
Macron wants to make hiring and dismissing workers easier for businesses and to move France’s collective bargaining on wages and working time from the industry to the company level, as well as placing a cap on severance packages awarded by industrial tribunals. He believes France’s comparatively strong labour laws are a deterrent to investors and a factor in the nation’s high unemployment rate, currently at 9.6%.⁴

¹ La Republique en Marche! alone won an outright majority of 308 seats
² Can Emmanuel Macron really rule France ‘by decrees’?, The Local, 10th May 2017, accessed at: https://www.thelocal.fr/20170510/can-president-elect-macron-really-pass-laws-by-decree
³ Emmanuel Macron is facing the mother of all battles, Foreign Policy, 20th June 2017, accessed at: http://foreignpolicy.com/2017/06/20/emmanuel-macron-unions-labor-reform-cgt-france/
⁴ Eurostat, May 2017
Overview of Macron’s labour reform plans

WORKPLACE RULES
The goal is to introduce a lengthy list of issues which can be set at company level rather than sectoral level.

This would extend the list of opt-outs of sector-wide agreements which were introduced under the El Khomri law\(^5\) of 2016. The El Khomri law introduced the possibility of opting out of sector-wide agreements to set overtime and its remuneration.

The government has not said which issues would be covered. This will be the subject of negotiations with unions.

DISMISSAL AWARDS
The goal is to cap unfair dismissal compensation awards and cut the time taken to reach verdicts in labour tribunals. The argument is that employers need more visibility on time and cost of disputed dismissals and will be less reticent to recruit if they have that.

Attempts to include this in past years were dropped because the constitutional court first struck down the measure on technical grounds and the previous Socialist government later decided to push other elements of the reform through instead.

REFERENDUM RULE ON WORKPLACE ACCORDS
The goal is to promote recourse to workplace accords that opt out of sector-wide collective bargaining terms, and to do so by promoting recourse to approval of company-level agreements by a workplace referendum.

The 2016 El Khomri reform allows - in cases where a company-level deal on pay and conditions does not secure enough union backing - for workplace accords to be adopted by referendum, as long as it is called by a union.

The aim now is to generalize that course of action by giving employers the right to call a referendum.

SHRINK NUMBER OF CONSULTATIVE BODIES
The goal is to reduce the number of in-house forums via which employees are consulted on issues ranging from work hours and conditions to health and safety.

The government said its aim was to merge at least three of the current four bodies.\(^6\)

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\(^5\) The "El Khomri" labor reform law was adopted in 2016 under President Francois Hollande. It ran into stiff opposition from several trade unions whose main argument was that it undermined the primacy of France's Labour Code. Opposition caused the government to force it through, using a special and highly controversial constitutional provision – Article 49.3 - that bypasses normal parliamentary voting procedures. This is an even quicker and more powerful way to force laws through than the executive decrees Macron proposes to use.

Reaction from the labour movement

The proposed reforms are set to meet stiff resistance from trade unions and will be seen as a key test for the new government. The CGT (Confédération Générale du Travail) union has promised a tough fight against the reforms, which it sees as an attack on hard-won labour rights. It said on 25th June that the reopening of schools in September should be the time “to act on our discontent and to work on economic and social change”. The more moderate CFDT (Confédération française démocratique du travail) union said strikes and demonstrations should be a last resort.⁷

Left wing presidential candidate Jean-Luc Melenchon, whose party ‘France Insoumise’ gathered close to 20 per cent of the votes⁸ in the first round of the election in May, said “We must join this movement, we must resist, we have a duty to defend the labour code”.⁹

Labour lawyers working for trade unions have said that the reforms followed a “business first” policy which worked against employees and organisations representing staff. They believe the reforms would reduce the rights of employees both individually and collectively, making it even more difficult for employees to start legal action against their employer.¹⁰

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⁸ Melenchon secured 19.58% of the vote against 24.01 % for Macron in the first round
⁹ Independent, ibid, 28th June 2017
¹⁰ Independent, ibid, 28th June 2017