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Labor Tactic Raises Fear for France

By LIZ ALDERMANJAN. 7, 2014
Inside

Bernard Glesser, center, the director of human resources at Goodyear's plant in Amiens, France, leaves the factory on Tuesday after being held hostage by workers. Thibault Camus/Associated Press

PARIS — Negotiations broke down last weekend at a Goodyear tire factory scheduled for closing in northern France, so employees resorted to a brazen tactic: They kidnapped the bosses.

On Tuesday, union leaders and hundreds of employees were holding two senior executives captive, threatening to detain them until the company agreed to pay out “huge amounts of money” to nearly 1,200 workers about to lose their jobs.

The men were released later in the afternoon only after police intervened.

While this standoff was short-lived, the revival of the boss-napping tactic, a sort of guerrilla theater that was used several years ago at a number of multinational companies’ French operations, is unlikely to allay the concerns of multinationals about France as a place to do business. As a debate resurfaces over whether France is in danger of becoming the next sick man of Europe, the Goodyear factory has become one of the most potent symbols of the challenges companies face in France.

“This happened because workers were desperate,” said Jean-Paul Fitoussi, a professor of economics at the Institut d’Études Politiques de Paris. “But it is still an act that will underline the perception that it’s difficult to do business in France.”

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Goodyear Workers Protest in France

Workers at a Goodyear plant in France continued their protest on Tuesday following the release of two executives that had been held by union activists, CNBC reports.

Tension at the Goodyear plant flared last year after the chief executive of an American tire company, Titan International, touched off a furor in France by colorfully rejecting a government appeal to step in and buy the plant.

“How stupid do you think we are?” Maurice M. Taylor Jr., the head of Titan, responded in a letter to Arnaud Montebourg, the country’s industry minister.

Mr. Taylor, who had wanted to buy some of the operation, said he had had numerous confrontations with unions over the plant’s workers, whom he described as loafers of minimal productivity.

Once he withdrew, there was no other buyer, and the factory was eventually earmarked for closing, meaning the loss of all 1,173 jobs.

France’s rigid labor market and the influence that labor unions hold over the workplace has long been a source of aggravation to employers. The country’s 3,200-page labor code embodied what the government acknowledged was a “cult of regulation” that choked business. Procedures for shedding workers when economic conditions deteriorate are often lengthy and expensive, and businesses pay high taxes to help fund France’s social welfare system. For an employee earning 1,200 euros a month, for instance, employers pay an additional €1,000 in tax and pension costs.

Despite the regulations, France remains one of the Continent’s top destinations for foreign direct investment. But conscious of the stigma, the country’s Socialist president, François Hollande, took steps last year to enhance the business environment after a report commissioned by his government urged him to administer a “competitiveness shock” needed to avoid long-term industrial decline.

Mr. Hollande pushed through a series of changes to French labor laws, including making it easier for companies to fire workers or reduce their pay and work hours in an economic downturn. He also introduced €20 billion, or $27 billion, worth of tax breaks for businesses.

Goodyear employees in Amiens left the plant with documents. With no buyer, the plant has been issuing layoff notices. Denis Charlet/Agence France-Presse — Getty Images

Still, the imminent closing of the Goodyear factory, the latest in a series of mass layoffs at large companies across France, underscored the economic consequences for workers in a country that is grappling with a high — and climbing — unemployment rate. The country is on the verge of slipping into a second recession in two years. While other big economies in Europe are showing at least glimmers of growth, France's appears to be heading in the opposite direction.

Unions at the Goodyear plant had been demanding higher-than-usual severance packages of €80,000, or about $110,000, plus €2,500 for each year worked. "It will take years for these workers to find new jobs, and the older ones will have almost no chance," said Professor Fitoussi.

While boss-nappings have taken place in other countries — workers at a medical device factory in China held the American owner for nearly a week last year before he met their wage demands — the tactic has become associated with France.

In 2009, French employees took executives of Caterpillar hostage temporarily when talks over revamping the company's operation broke down. Workers trapped François-Henri Pinault, the chief executive of Kering, the group that owns Gucci and was then known as PPR, in his car that same year. Bosses at 3M and Sony were also held against their will in an attempt to get bigger severance packages.

Before they were released, the two executives — Bernard Glesser, the director of human resources at the Amiens plant, and Michel Dheilly, the director of production — were filmed by journalists and spoke with their families. They appeared mostly at ease, smiling and consulting their cellphones. But as workers milled about and occasionally shouted at them, the executives were not casually accepting their situation.

"When we are kept against our will and forced to submit to humiliations and insults, we are not being well treated," Mr. Glesser said in a video

Goodyear said it would not negotiate with the unions while they held its executives, but it may not have a lot of leeway. While Goodyear's French tire factory was not as profitable as operations elsewhere, French courts tend to assess a company's plans to close based on overall group performance. For the nine months ended Sept. 30, Goodyear had net income of $372 million.


Workers set tires on fire at the Goodyear plant in Amiens where the two executives were held. Denis Charlet/Agence France-Presse — Getty Images

France's high court has ruled that if a company is flagging, "if you're making money on an international level for that particular activity, then that should be taken into consideration in order to see if downsizing is justified, " said Laurent Guardelli, a partner at Field Fisher Waterhouse in Paris who specializes in French employment law.

Boss-napping is considered a hard-line negotiating tactic, and often the police do not intervene immediately so as not to aggravate the situation, Mr. Guardelli said.

Although criminal charges could still be issued in the Goodyear case, Mr. Guardelli said that "judges are reluctant to impose severe sanctions, because they also take into account that people have been going through some hard times, and that these are more of an act of desperation rather than a voluntary violent act of abduction."

The future of the plant is hazy. Late last year, Mr. Montebourg, then the country's industry minister, again reached out to Mr. Taylor, the industrialist who is nicknamed "the Grizz" by Wall Street analysts for his abrasive negotiating and management style. But Mr. Taylor has so far not made a firm commitment, and Goodyear recently began issuing layoff notices.

Late Monday, Mr. Taylor said he was appalled by the latest vigilante action at the factory, in which workers rolled giant farm-tractor wheels in to block the doors to the room where the managers were being held.

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“In the United States, we call this a kidnapping,” he told Europe 1 Radio. “These people would be arrested and prosecuted. This is a very serious crime, you would risk life imprisonment. But in France, your government does nothing — it’s crazy.”

Among the public, however, there is a certain sympathy with workers who see their livelihoods eroded.

“We must acknowledge that the life of these people is going to stop,” Pierre Laurent, the national secretary of the French Communist Party, told the radio station RTL. “We’re talking about families with children, people who won’t have any more revenue, and older people who will never find new work, " he said. “They have enriched the country, they have worked for France. We can’t just throw them outside with nothing.”

Taking the Boss Hostage? In France, It’s a Labor Tactic

Laurent Cipriani/Associated Press

Nicolas Polutnik, chief executive of Caterpillar France, answered reporters’ questions before being freed by employees in Grenoble, France on Wednesday.

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By DAVID JOLLY
Published: April 2, 2009

PARIS — When negotiations over the revamping of Caterpillar's operations in the French city of Grenoble broke down this week, the workers did what more and more of their countrymen are doing these days: They took their bosses hostage.

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It was the fourth such incident in France in the last month.

This week, François-Henri Pinault, the chief executive of PPR, the group that owns Gucci, was trapped by a group of employees who surrounded his car and blocked the road with garbage cans.

In two other incidents last month, workers at a 3M plant held their boss for more than 24 hours in a labor dispute, and workers at a Sony plant held their boss overnight to gain better severance packages.

While detaining company executives against their will is not new in France, the tactic has been used only sparingly. But French labor policy experts say they expect more such actions because the despair and anxiety that drive employees to such acts is increasing as the labor market worsens.

"The traditional way of holding a strike is to occupy the workplace, showing that 'it's our company, too,' " said Antoine Lyon-Caen, a professor of comparative labor law at the University of Paris-Nanterre. "It's not unheard-of that the managers get taken hostage, but it has been very rare."

At the root of the wave of recent actions is a sense of injustice as France addresses the economic crisis, according to Jean Kaspar, a former miner and union official who now consults on labor relations. The government has set aside 26 billion euros ($35 billion) for big companies, he said, but less than 3 billion euros for consumers.

"Ordinary people cannot understand how bosses are getting bonuses and golden parachutes while the rest of the population is worried about their jobs," Mr. Kaspar said. "That has caused a certain radicalization of the social base."

So far, no one has been hurt in the "séquestrations," as the French refer to the hostage-taking. The unions, and most French people, have refused to condemn the actions, saying it is understandable, if not defensible, that people faced with the loss of their livelihoods would take such risks.

At Caterpillar, the company executives, including Nicolas Polutnik, the chief executive of Caterpillar France, were subjected to a night of pounding revolutionary rock music and threats shouted by workers, said Eric Amstutz, a spokesman in Geneva for Caterpillar's European operations. Union members took the action after an announcement of 700 job cuts.

The executives were released after President Nicolas Sarkozy promised to meet with union leaders and save the site.

In Mr. Pinault's case, he had just met with workers' representatives to discuss revamping the company's furniture stores and its electronics retailer. He was rescued by the riot police after he had endured nearly an hour of verbal abuse.

The employees have not acted without sympathy. At Caterpillar, they released one executive who was sick, and at 3M, they brought the executive mussels and French fries.

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