French Protest Oil and Gas Price Hikes

by Christine Bierre

At the moment of writing, the three main truckers unions in France are still blocking the main oil depots throughout the country in an effort to get the government to vastly reduce taxes on oil products. The truckers launched their action the second week in September on the heels of strikes by the fishermen's unions, which had actively blocked many of the Atlantic and Mediterranean ports at the end of August, demanding government action to deal with the huge and accelerating price increases of gasoline and other petroleum products. The speculative price hikes are global in nature, and the protests are spreading now into Spain, Germany, and Britain.

By negotiating rapidly with the fishermen and the truckers, the government hoped to stop any other economic sector concerned over the oil price rises from joining the strike. But this calculation has failed: Farmers, taxi and ambulance drivers, commercial boat owners, and even the large construction unions have now joined the protest movement and are demanding similar aid and action from the state. The French Construction Federation (FFB) declared that since the beginning of the year, oil price rises have caused price increases of 5% for paint and of 25-30% for plastic products. The National Federation of Public Works (FNTP) reports that prices for oil used by on-site machinery have increased by 50%, and oil-derived asphalt prices by 100%.

The strikers are putting the government's back against the wall of the present "globalized" world. The government's maneuvering room is very small indeed, unless it decides to go after the heart of the disease: wild speculation, in particular the mergers and acquisitions among the huge oil multinationals.

Government vs. Multinationals

In recent months, Paris has tried to take on the oil companies. Finance Minister Laurent Fabius launched two investigations aimed at determining whether there was collusion among the oil companies in hiking the oil prices. The government also considered raising taxes on oil companies, but did not do so. Only the French oil companies, Total and Elf, could be taxed in this way, a measure which, it was claimed, would hurt their competitiveness vis-à-vis the Anglo-American "Seven Sisters" (which are now only five, because of mergers).

The only maneuvering room the government has, is reducing taxes on oil products, which are high in France compared to other countries. Of the 8.5 francs paid today by the consumer for a liter of high-octane gasoline (roughly equivalent to \$2.50 per gallon), only one-third corresponds to the price of gas, and nearly two-thirds goes to pay taxes. It is in this area that all the strikers are demanding assistance from the government. The conflict with the fishermen, whose taxes on gasoline consumption were already lifted, was resolved on Sept. 1, when the government proposed significant reductions in social security withholdings paid to the state.

While everybody expected the conflict with the truckers to be resolved on Sept. 6, as soon as the government proposed to reduce one of the various taxes on diesel consumption by 35¢ retroactively for this year, and by 25¢ for next year, the impasse took a new turn when the membership of two of the striking unions voted the deal down. The truckers are demanding that the government reduce the tax by 53¢ immediately. The government's maneuvering room, however, has reached its limit, and Prime Minister Lionel Jospin declared to the press late on Sept. 6, that there are no more concessions to come.

The Green Party, a member of the government's parliamentary majority, has rejected any further reduction on diesel taxes and is reminding Socialist Jospin, that these taxes are in the contract to which both parties subscribed, in order to form a coalition government. After the Aug. 29 resignation of Interior Minister Jean Pierre Chevènement from the government, the loss of the Green Party ally would deal another blow to Jospin's majority.

The situation would be even more critical for the government, were it not for the fact that the small upswing brought about by measures adopted over the last couple of years, to create a few hundred thousand jobs, brought in a large increase of fiscal revenue last year (30 billion francs) and this year (80 billion francs). So, thinking in the very short term, Paris believes it can afford to cut taxes in this or that area. Fabius even announced a FF 120 billion tax reduction over three years, for all social categories in France.

Taxi drivers and river transport workers have most recently joined the protests, with slow-speed motorcades and a blockade of the Seine River, which flows through the capital. And elsewhere in Europe, protests and boycott actions are beginning in Spain, Belgium, Britain, and Poland.

The strikers are not yet ready to demand effective controls on speculation, which is the cause of the oil price rise. If they did, a powerful government could then use their demands to regain control of the national financial system. Unfortunately, the French authorities, while willing to offer some resistance to the present financial order, are not yet ready to go against the rules of the Anglo-American financial game. Such methods might improve the situation momentarily, but not when the time comes for a general financial breakdown.