

Wages and inflation: What's at stake in the NAO

A consultation is currently underway for HQ-contract AFP staff concerning their willingness to strike to obtain a cost-of-living adjustment. How much purchasing power have you lost to inflation? How much did the last wage hike compensate? Here are several responses to help frame the debate.

5%? 6%? What is the inflation rate?

It's impossible to answer that question definitively as the inflation rate is an indication of how much consumer prices rise over a certain period. Generally, we calculate it every month in comparison with the same month the previous year: November 2022 vs November 2021 (6.2% inflation), December 2022 vs December 2021 (5.9%), January 2023 vs January 2022 (6.1%), February 2023 vs January 2022 (6.2%).

How much has management compensated?

Given the succession of negotiations, the retroactive application of certain measures, vague wording, and the fact that inflation figures change each month, it is easy to get lost.

Nevertheless, here are some elements that can begin to answer that question:

- Between March 2021 and March 2022, the date of the (back-dated) application of a €70 wage increase negotiated last summer, prices have increased almost 4.6%.
- This €70 gross wage hike represents, according to management, an increase of 2.3% on average (much less for the many staff, a bit more for others).
- If one adds the €20 negotiated at the end of 2021 and paid since January 2022, we get a roughly 3% average increase.

The €70 paid from March 2020 and the €20 paid from January covered approximately two-thirds of the inflation observed over the previous 12 months.

And since then?

Since then, nothing. At least in terms of wages. Because prices have continued to rise. Between March 2022 and February 2023, prices have risen by around 4.7%. Your purchasing power has declined by this amount. And it's likely to get worse over the coming months.

This 4.7% inflation is on top of the uncompensated inflation between 2021 and 2022.

If you want to do calculations over other periods, consult Insee's website (<https://tinyurl.com/atcxu8vj>) for the inflation figures. Take the value for the end date and divide it by the start date. Subtract 1.0 from this figure. Multiply by 100 and you have the inflation rate.

How much purchasing power have I lost?

That depends on your salary. To calculate the drop in purchasing power due to the 9.0 percent inflation between January 2021 and January 2023 you can do the following calculation: Multiply your January 2023 salary by 0.09. Then subtract 90 (the raises we have since received). This is your monthly loss in purchasing power. Multiply that by 12 for an estimation of your annual loss at today's inflation rate. But inflation is expected to increase before eventually going down. To give you an idea of the magnitude of the loss, someone earning €3,000 per month is losing the equivalent of €180 per month in purchasing power and €2,160 per year.

Even taking into account neighboring rights, which isn't wages, or profit-sharing which is unlikely to happen again in the same amount we've just received, the loss in purchasing power is considerable.

I've received bonuses and promotions, that makes up for it, right?

This is the argument that management has dared to advance, but sorry, no, this isn't really compensation for inflation.

If your wages increase, that is because you've assumed responsibilities (indemnités de fonction), gained competences and seniority (échelons et primes d'ancienneté) or because you've been "particularly meritorious" (primes individuelles).

But if you earned these for your achievements, then letting management claim these are to compensate for inflation demeans your achievements and impoverishes your career progression.

In 2012, the entry level salary for an AFP journalist was 1.91 SMIC, the minimum wage in France. Today it is just 1.59 SMIC.

For cadres administratifs, it has fallen from 1.95 SMIC to 1.6.

For cadres techniques, it has dropped from 2.94 SMIC to 1.68.

For employés de presse, it has slid from 1.34 SMIC to 1.01.

For ouvriers, it has fallen from 1.30 SMIC to 1.03.

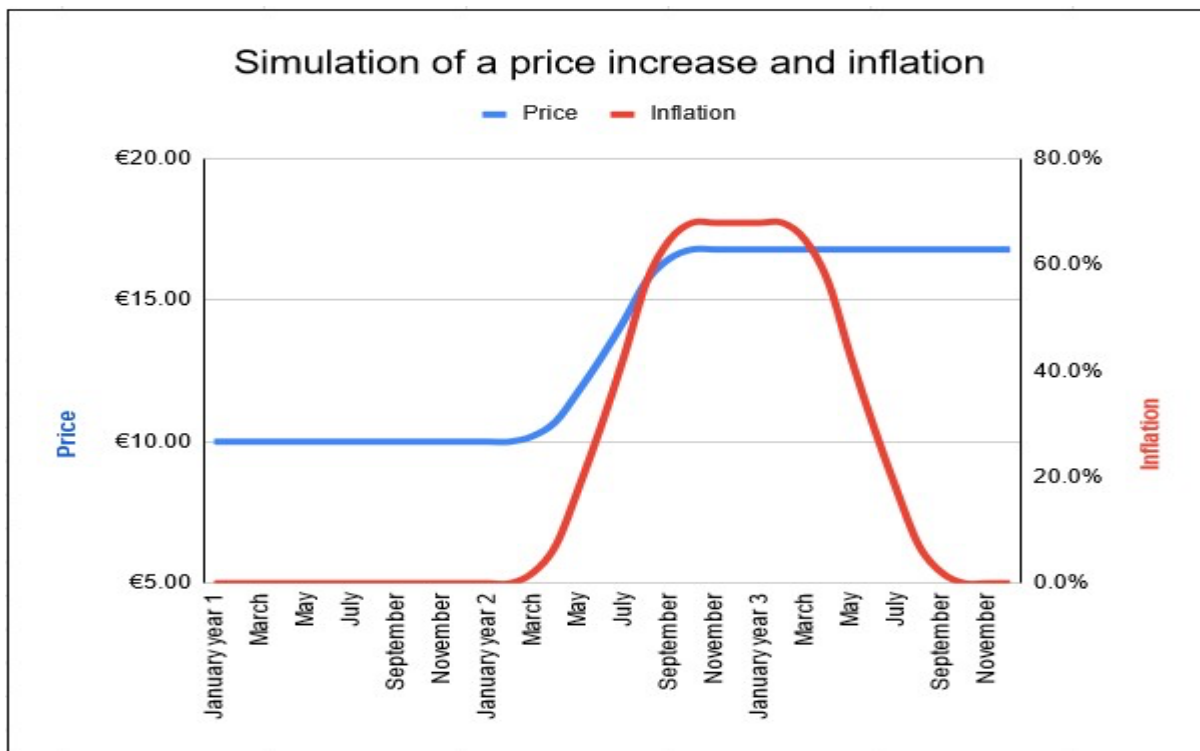
For how much longer are we going to continue getting poorer?

If inflation falls, does my purchasing power recover?

No. That is the trap of management when they say that they are willing to negotiate on a raise later this year *if inflation remains high*. Because if inflation slows, as most forecasters believe will happen later this year, prices won't come down (*see the graph*).

Even if inflation falls to 0% in January 2024, what we've lost in terms of purchasing power remains lost. Without a wage hike and zero inflation from 2024, our loss in purchasing power in 2021 and 2022 will continue.

That is what AFP staff have experienced for the past decade: a deepening erosion of their purchasing power. The only difference is that it was previously gradual and we didn't notice it as much.



When we are being undercompensated at a given moment, the minimum should be that AFP overcompensates to cover what was lost and that impoverishment doesn't snowball over time.

Does AFP have the money to compensate inflation?

Without the help of the French state, probably not. But the state is the big winner with its subsidy for AFP for the past years frozen at €113.3 million and its subscription at €20.5 million.

If the government's subsidy and subscription price had been indexed to inflation, AFP would have received nearly €33 million in additional funding. This is a sum large enough to finance considerable wage hikes and hire more staff.

The French state has also profited from inflation, not only through the VAT but also via income and business profit taxes. It received tens of millions of euros more in revenue last year than initially expected due to this effect.

The state also put in place measures to help consumers and companies deal with rising prices, but nothing for AFP! Even if the amount is insignificant in comparison with the tens of billions of euros spent to support the economy during the Covid-19 pandemic and surge in inflation.

Wage hikes result in more social charges being paid, notably for retirement, as well as more money for the general budget via taxes. Nobody loses !

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SUD-AFP (Solidarity-Unity-Democracy)

