Report from Paris by Katherine Kanter and Sophie Tanapura

Mitterrand economics: too little, too late

The Socialist regime's attempt to impose austerity by decree is provoking unrest in both trade unions and employers.

Eleven months have gone by since Mitterrand promised to solve the unemployment problem. In that time, unemployment passed the 2 million mark and French firms have had social and financial costs increased by 15 to 18 percent.

There was much trade union anger and many government factional disagreements the first months of this year before Prime Minister Mauroy's complete Keynesian work-sharing plan could be decreed on March 31. As insiders know, "Tonton" Mitterrand flew into one of his tantrums when he learned of the Socialist losses in the March cantonal elections (see article, page 43). Political family quarrels are waring Mitterrand down, and there is talk of cabinet reshuffling over the economic issue.

Without consent from either the trade unions or the French "patronat," the industrialist business association (CNPF), the government is attempting to impose policies by decree. The patronat has categorically refused to condone the program of progressively moving towards a 35-hour-work week in five years, let alone ensuring 40 hours' pay. The CGT, the Communist-dominated trade union, continues inflexible on the 35-hour demand. The Mitterrand government was accused by its radical faction, led by Labor Minister Jean Auroux, of having given in to CGT pressure when it decided to guarantee 40 hours' pay for 39 hours' work. But the government warned that any further work reductions will be only partially compensated. Force Ouvrière, the American-linked union led by André Bergeron, is now siding with the CGT on the 35-hour-week issue. Only the Socialist-dominated CFDT is demanding that workers should work less, and accept reduced living standards.

Labor Minister Aroux calculates that he can "create" up to 100,000 jobs in this way by the end of 1982. But some 600,000 young people will enter the labor force by that time. Some will be absorbed in Mauroy's cheap-labor plan, but a good half will remain unemployed.

The social atmosphere remains very tense. Between 80,000 and 100,000 farmers demonstrated in Paris in late March, demanding a 16 percent increase in agricultural prices in the Economic Community negotiations (see article, p. 10) a question still pending due to failure of negotiations with the British. At the same time, some 20,000 union-organized truck drivers blocked the major highways around the largest French cities, to obtain a gasoline tax cut.

Up to the present, the government has been trying to ameliorate the situation by printing more money and running on a huge budget deficit. Reprimanded by International Monetary Fund director Jacques de Larosière in late March, the Socialists are now stating that the government can no longer afford to give in to constituency demands.

The weakened franc only worsens the economic situation. After Mitterrand's trip to Israel, Gulf Arab investors pulled capital out of France on a massive scale. Even the Algerians—supposed to be more friendly to the French Socialist government—are apparently participating in the anti-franc operation.

After having demanded and received March 25 an immediate cash payment of 2.15 billion francs provided for in the terms of the recent natural gas contract, Algeria promptly dumped the entire sum on the international markets. The Algerian demand for immediate payment forced impromptu budget cuts in almost all ministries.

Other rumors have it that some 20 French firms as well as American interests played a big role in the attack on the franc. Could Paris Mayor Jacques Chirac, known to have Arab friends, be indirectly involved? Did Raymond Barre, Prime Minister under Giscard, not predict in a March press conference from Lausanne, Switzerland, that the devaluation of the franc was inevitable?

Banking sources confirm Finance Minister Jacques Delors' declared intentions to defend the france at all costs. But they quickly add that the Finance Minister would not blink if these measures meant adding 250,000 unemployed. In face of this, a look at the rate of bankruptcies is very alarming. The total for 1981 was 20,895, 20 percent higher than the preceeding year. Now, 1,700 to 1,800 firms are closing their books each month in France.