
The French Presidency

Chirac must launch 'new Marshall Plan,' or bury France with austerity

by Jacques Cheminade

Editor's Note: On Sunday, May 7, the majority of the voters of France supported Jacques Chirac in the runoff election for President. Under the Gaullist constitution, the French President, who serves a term of seven years, is the most powerful head of state in western Europe. French voters also gave 47.3% of the vote to Lionel Jospin, who will be in a position to exert influence on the rebuilding of the left. Chirac, the mayor of Paris, is a leader of the "neo-Gaullist" RPR Party; Jospin is a Socialist, like President François Mitterrand, who held the office for 14 years.

Very telling was the fact that 20% of voters abstained, and nearly 7% cast invalid or blank ballots. These voters seemed to sense Chirac's inability, as well as Jospin's, to lead France safely through the financial storm already engulfing the world. That reality was not even discussed during the last phase of the Presidential campaign, after Jospin and Chirac emerged from the first round election, on April 23. Instead, the new RPR majority and the Socialist opposition kept up a "debate" which consisted of exchanging polite remarks.

But reality will knock on the new President's door. The financial crisis and the renewal date on the Maastricht Treaty will force Chirac to choose between a policy of ferocious austerity, or one of "change," such as he promised.

Jacques Cheminade, the friend of American economist Lyndon LaRouche and the "surprise candidate" in round one, was the first to organize around the programs required for a real change, but during the first-round campaign, Chirac felt compelled to address the scandal of Europe's, and France's, double-digit unemployment. He also echoed Cheminade to attack the Bank of France and its made-in-London policy, which favors financial speculation and penalizes production. The following analysis was written by Mr. Cheminade about one week before the May 7 election, for the French newspaper Nouvelle Solidarité.

The crying need for a new logic

It may seem paradoxical, but although I only received 0.28% of the votes, I am the candidate who has most clearly posed the issue of the coming months: Either France and Europe adopt a new logic, that of a West-East and North-

South new Marshall Plan, reorienting financial flows toward infrastructure and production, or a monetary austerity policy will inevitably be applied without even stopping the swelling of the financial bubble, which makes this austerity all the more absurd.

In the book '95 *Presidential Elections—Economic and Social Stakes*, Philippe Chalmin, who collected the 14 essays making it up, established as absolute priorities the reduction of France's debt, which today has hit some 3 trillion francs, and the reduction of public deficits, which have risen to nearly 5.7% of the Gross Domestic Product (GDP). If we agree that the Europe of Maastricht must be implemented, these are indeed the priorities. [The Maastricht Treaty for a single-market European Union is based on British "free trade" principles and the destruction of sovereign nations—ed.] In that Europe, it is forbidden, on principle, to lay a finger on financial income. So income from labor will inevitably have to pay the price of "restoring health": "The next government will therefore have to contain the fire by fiscal measures before attempting to put it out, by attacking its more fundamental causes. All this will have a cost which must be deducted from family budgets, proportionately reducing their buying power, their savings capacity, and their propensity to consume."

This is the logic of destructive austerity, a crazed logic, but an unstoppable one if we don't leave behind the monetarist perspective and respect for the Maastricht framework.

Neither Jacques Chirac nor Lionel Jospin, the two finalists for the May 7 presidential election, have really given any sign of wanting to leave it. They have certainly expressed that such consequences—hitting wages and families—are unacceptable, but they have never attacked the causes. They both, therefore, move in the universe defined by Philippe Chalmin's postulates, whatever they say otherwise, or those of Alain Minc in his *Report on France in the Year 2000*. Minc, masking Chalmin's crude proposals under technocratic jargon, speaks of the "credibility that France must inspire in the markets," of "reduction of public deficits," and of "competitive deflation"—different words to mean the same thing.

Of course, Jacques Chirac has found fault with the “technostructure” and “financial speculation.” Nonetheless, he accepts Maastricht—and his main ally is the free-marketeer Alain Madelin, an intimate of the Mont Pelerin Society and the French translator of Friedrich von Hayek, the anti-State, anti-voluntarist economist par excellence. Now to put into action the only possible alternative, a Marshall Plan on the European scale, the State has to take back control of the means of issuing money and credit—which Madelin and his friends oppose!

Moreover, we are starting to hear some strange ideas on immigration around Jacques Chirac. In an interview with the ultra-right-wing biweekly *Minute* dated April 26, Jacques Godfrain, the Chirac-linked parliamentary deputy from Aveyron, stated that “the campaign will have to be a little harder on immigration” for the second round. This is to place oneself in the parameters of the “closed world” of [National Front leader] Jean-Marie Le Pen, in order to pick up Le Pen’s electorate—a closed world utterly opposed to the voluntarist world of a new Marshall Plan.

As for Lionel Jospin, he steers the debate off course toward an institutional referendum—always form and never content—which would reduce the Presidential term to five years, with a dose of proportional vote-counting, to replace the winner-take-all system. This is treating the financial cancer with aspirin. Worse yet, he is putting ecologist oil into the motor of his cab, with the risk of making it sink.

Worse yet, Alain Minc announced his support for Lionel Jospin and hopes for a “social-centrist majority,” which would wear the “market” flag and Maastrichtian austerity. On the other hand, we see Sarkozy and [Interior Minister] Pasqua [formerly allied with Presidential candidate and Prime Minister Edouard Balladur] slithering around close to Jacques Chirac, with a group of RPR deputies gathered at the Interior Ministry.

Three critical points

Three points in fact will remain from my campaign:

1) The reality of the financial cancer which is gnawing at the world economy, and the necessity of taking rapid measures to stop it;

2) The evil orientation of the financial policy of the City of London (the world’s premier exchange market, the premier bond market, and the premier foreign stock market) and the disastrous character of the “Entente Cordiale” with Great Britain engaged in by the Balladur government, particularly in Bosnia;

3) The necessity for a different Europe, the real one, not based on money or financial profits, but on grand development projects.

There, I am convinced, I have opened a way, by showing the coherency between the struggle for such a Europe, that of rediscovered growth, and the fight in the heart of our country against turning the countryside into a desert.

Jospin and Chirac, however, remain at present the captives of that Paris nomenclatura which is the French face of the “markets”: the circles of the Treasury directors, the Bank of France, and the incestuous little world of finance, the ministerial cabinets and the usual scribblers, of whom Alain Minc, the official journal-keeper of all of the governments, is the most ambitiously gifted.

As long as this group’s grip on power is not broken, a grand policy cannot be decided upon and the conditions of growth cannot be reestablished. Already, according to the indicators, in France and our most important partners, including Germany, the trend is toward a slowdown. Activity is leveling off, according to the barometer of *L’Expansion*, in February. Questioned by the Chamber of Commerce and Industry of Paris or by other sources, the chief business executives put forward expectations which are no longer on the upswing, but downward.

Now, the return of growth is the primary condition for a solution to the social question.

What is being said, is that from 1989 to 1994, the weight of social payments (social security, etc.) within the French GDP has grown from 21.1% to 23.5%; that the “excess cost” of 180 billion francs contributed half of the rise in the public deficits from 1.2% to 5.7% of the Gross Domestic Product; that we have been “too generous” with households. The reality is that it is economic growth which has been lacking. If it had attained an annual rate of 3%, the relative weight of social payments would have declined and the public deficit would have been limited to around 1.5% of GDP in 1994, according to the French OFCE (French Economic Conjunctures Monitor).

The real problem is the non-growth, due to the monetarist choices, which has provoked a parallel increase in public debt, public deficits, and unemployment rates. Meanwhile, the worldwide deregulation of the financial markets has permitted dictatorship of financial profits: unprecedented rises in interest rates, capital gains tax cuts and hikes in taxes on labor income, and discouragement of investments and hiring. That’s where the sickness is found, and this is the logic that has to change.

Now, the least one can say is that Messrs. Chirac and Jospin have not, unfortunately, undertaken this path. I would wish with all my heart that they would do it, giving back to France a vector-role in the European and world recovery. However, if they don’t, I will remain the one who—with a minority of economists, such as Jean-Paul Fitoussi—will have shown the nature of the problem and, the only one to have politically indicated the direction to go in order to solve it.

All the attacks made on me during the recent Presidential campaign—otherwise inexplicable because I was an “unknown” without resources and “confused”—are due to this simple assertion, which frightens those who take set positions and who see the storm on the horizon.