

Chirac capitulates to bankers, with cabinet shakeup and austerity drive

by Christine Bierre

The moment of truth has now arrived for the government of President Jacques Chirac, as *EIR* often said it would, because of Chirac's contradictory promises during his Presidential campaign: On the one hand, he promised that he would address the tremendous problems of unemployment and growing poverty; on the other, he promised the "markets," Germany, and the European Union (not to mention the right-wing neo-liberals around former Prime Minister Edouard Balladur, who make up the majority of his own RPR party), to reduce the budget deficit in order to meet the EU's Maastricht Treaty convergence criteria (no more than 3% public deficit, and 60% indebtedness). Since the Maastricht criteria have to be met by 1997, when the proceedings will start in the European Union for the adoption of a single European currency and a unified European central banking system, there was no room for Chirac to maneuver between the two pledges. Either government would have to repeal or renegotiate the Maastricht Treaty, or else it would have to apply an austerity budget to meet the convergence criteria.

Chirac and his Prime Minister Alain Juppé chose the second. Their decision took place amid massive attacks and pressure from the international financial community against the bold Gaullist-inspired initiatives that Chirac took as soon as he became President in May: restarting nuclear testing to upgrade France's nuclear *force de frappe*, a forceful intervention on behalf of the Bosnians, and a denunciation of international speculation as "financial AIDS" at the Group of Seven summit in Halifax.

A wave of attacks

Immediately, the same oligarchy that so vehemently hated Gen. Charles de Gaulle rained down attacks on the Chirac policies: the international and domestic campaign against the nuclear tests, the unprecedented wave of terrorism that hit France, the climate of financial instability provoked by speculation against the franc, all contributed to driving the government to adopt policies that ultimately drastically reduced its popular support.

Another element in the Chirac government's about-face,

was the repeated attacks by the international financial community against France, especially after Prime Minister Juppé fired right-wing, neo-liberal finance minister Alain Madelin in August. Within three months, reports by the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) were blasting France for its growing public deficit and indebtedness. Pressure was also applied by France's main European partner, Germany, through harsh statements made by Finance Minister Theo Waigel and by the president of the Bundesbank, Hans Tietmeyer, calling on France to tackle the debt and deficit and meet the Maastricht criteria. The Balladurians, the majority in the ruling party, became the conveyor for pressure from these institutions on the Chirac government, demanding that more and more severe austerity be adopted.

Added to this, corruption scandals swirled around Juppé, when it came to light that he and his family were benefitting from low-rent apartments in Paris earmarked by the city government for low-income families. The accusation made by Paris prosecutors is that Juppé was not only profiting from such subsidized housing, but also that he had renovated his apartment using city funds. This scandal, unleashed by judges close to both the opposition Socialist Party (PS) and the Balladurians, was played up by the press in France, in an attempt to provoke the government's collapse.

The climate stampeded Chirac and Juppé into taking a neo-liberal posture: First, they reshuffled the government, in order to meet the new austerity and "professional" criteria. Anyone who was not an old, professional, hack politician or "responsible" bureaucrat from the School of National Administration who was determined to slash the budget, was removed. The ministries that represented the new social orientation adopted by Chirac during his campaign, or which had opened up to layers of the population who previously had not been represented in government, such as youth and women, was abruptly dismissed.

Of the 12 women whom Chirac had named as ministers or secretaries of state, (a breakthrough in this country where *machismo* in politics is the strongest in Europe), only four survived; the others were accused of lacking either profes-

sionalism or “media presence.” In fact, the most “professional” of these women, Health Minister Elizabeth Hubert and Family Minister Colette Codaccione, stood against the austerity budget. Codaccione, who is close to the Vatican, was the victim of a scurrilous media campaign unjustly accusing her of supporting the anti-abortion commandos.

Government spokesman François Baroin, who had been handpicked by Chirac, was also fired. The shakeup brought in three secondary Balladurians. Rumor has it that the heavyweights of the Balladur wing refused to participate in the government, preferring to stand by while the government collapses completely, in hopes of making a comeback.

Social Security facing the guillotine

After the shakeup, Juppé announced his austerity budget for the Social Security Administration. In France, Social Security refers to health insurance (guaranteed to all workers and their families), pensions, and family allocations. This administration is seen as emblematic of the social advances gained by the population and the unions over years of struggle, and for this reason, the government attack on it is symbolic of its new anti-social policy.

Since 1946, the Social Security administration has been run by the trade unions and the employers; the latter directly pay a part of employees' wages into the Social Security administration. Due to the international economic crisis and growing unemployment, the Social Security deficit has been accumulating, reaching 120 billion francs (roughly \$25 billion) in 1994, and the same amount in 1995. According to the 1946 arrangement, it is up to the State to cover the deficit, and the government is now using this as an excuse to try to take control of the whole administration. Whatever difficulties the unions might have in running Social Security, it is clear that during this crisis period, the unions remain the best guarantee that workers' interests will be defended.

It is this entire system, one of the best in the world in quality and quantity, which the Juppé plan has begun to attack. Even though the Juppé plan is not yet attempting to reform the entire system, the door has definitely been opened to reform it along the same “cost-efficient” lines that Britain's health care system followed under Margaret Thatcher: a system run utterly inefficiently by the State, with patients waiting in line to be served, not being able to choose their own physicians, and making high out-of-pocket expenses that were not reimbursed.

In order to cover the Social Security deficit, Juppé has reformed the administration in order to vastly reduce spending: Henceforth, the State will define the total amount allocated yearly to Social Security, and will institute several mechanisms to allow the State to control the growth of spending by hospitals, by individual physicians, and by patients. Past deficits will be covered by an increase of the

numbers of people paying for a general, direct tax, called the CSG, and a new tax of 0.5% on all income, including from the unemployed (only disabled veterans and those receiving social assistance benefits are exempt). A person earning FF 8,000 per month will pay FF 40 in new taxes toward closing the deficit gap. Other austerity measures include increasing the number of years civil servants must work to earn full pension benefits from 37.5 to 40 years. Furthermore, the government is considering the possibility of allowing 10% of the total amount of pension funds to go into speculative investments via American-style mutual funds. These last two measures were dear to the heart of Alain Madelin, confirming that the new Juppé government is doing Madelin's work without Madelin's presence.

Balance of power games

Where does French foreign policy stand after this government reorganization? Superficially nothing will appear to change, but in fact, it consolidates France's alliances on the worst possible terms. France's main ally in Europe remains Germany, and both Foreign Minister Hervé de Charette and Jacques Chirac have declared that, as far as France is concerned, the Franco-German alliance is the basis for the entire, post-1989 “European Construction.” However, this alliance is presently defined by the Maastricht Treaty austerity and monetarist policies.

By comparison, even though there have been many sources of tension with Britain over recent months—including British harboring of those organizing the “Islamic” terror wave in France, plus the City of London speculation against the franc—France is still determined to use Britain to balance out Germany. And Britain is doing everything possible to “cozy up” to France in an effort to drive a wedge between France and its allies, Germany and the United States. While, unofficially, the British elites (e.g., the environmentalist movement around Prince Philip's World Wide Fund for Nature and the Club of the Isles) and its secret services orchestrated the international campaign against French nuclear testing, the British government officially supports France's testing.

In the recent U.N. vote on nuclear tests, the majority of France's European partners either voted against French nuclear tests or abstained, to the complete fury of the Chirac government. Only Britain voted in favor. As for the fight against terrorism, after the Chirac government put pressure on Britain for harboring the Muslim terrorists who organized the wave of bombings in France, Britain suddenly decided to become as “cooperative” as possible.

Social ferment boiling over

Whether Juppé and Chirac will get away with this policy shift is not clear at this point. The last week of November may very well see the end of the Juppé government, as the

trade unions proceed with plans to organize a “black week”: Several hundred thousand students demonstrated throughout the country, while a national strike on Nov. 24 was called for by the civil servants and the public sector unions. Another national day of action was set for Nov 28.

The unions are divided in their objectives: The CFDT, one of the three largest federations, is not participating, because it supports the government plan, while Force Ouvrière, the largest, will only participate in the Nov. 28 day of action, despite its opposition to the Juppé plan, because it is very close to Chirac and hopes for another policy shift in six months. However, the trade unions might not be able to control a movement of popular rage which could swell way beyond their expectations. Indeed, many sectors of the CFDT will participate in the protest actions anyway, and have called for the resignation of the federation’s current president.

The French National Railway (SNCF) workers have also announced that they may extend their national strike from Nov. 24 to Nov. 29, which would create havoc in the country. Much will depend on whether the Socialist Party decides to support these strike actions fully or not. Even though Socialist Party head Lionel Jospin has always favored the Maastricht Treaty, such great hostility to the treaty has mushroomed in the party’s left wing that its main spokesman, Julien Dray, and its former president, Henri Emanuelli, have declared that should it become a matter of choosing between the population’s well-being or the treaty, the choice will obviously be for the population.

Effort to silence Cheminade

A final element is crucial to understand this policy shift in France’s government. Throughout the country, there has been only one political force that has consistently polemicized against monetarist policies and the speculative cancer which is killing the world economy, and which has proposed competent policies for real economic growth: That is the movement based on the ideas of Lyndon LaRouche, headed, in France, by former Presidential candidate Jacques Cheminade and the Solidarity and Progress movement.

Symptomatic of the lack of courage of even the better forces in this government, was the unanimous decision of the Constitutional Court of France not to reimburse Cheminade’s campaign expenses, in an effort to bankrupt Cheminade personally and to close down his movement. Even though the majority of the Constitutional Court belongs to the Mitterrand era, such an outrageous decision, violating the very intent of the Constitution, could not have been made without an all-party agreement to eliminate this “outsider.”

Given that Cheminade’s policies represent the very heart of the opposition to the international monetarist insanity, the attack against Cheminade has weakened the possibility of creating a real resistance front against these policies in France.

Interview: Vitaly V. Melnikov and Elena Drapeko

A look at art and culture in Russia

Mrs. Drapeko has a career as an actress. In the first post-communist years, she was responsible for Cultural Affairs in the St. Petersburg City Council, and is now running as an independent candidate for the Russian State Duma (lower house of the national parliament). Mr. Melnikov is film director and artistic director at the “Lenfilm” Film Production Association, and chairman of the St. Petersburg Film Makers’ Association. He is directing one of the few films right now being produced at the “Lenfilm” studio: the historical movie “Czarevich Aleksei,” about the son of Peter the Great. The interview was conducted by Gabriele Liebig and Konstantin Cheremnykh on Oct. 10 at the “Lenfilm” studio in St. Petersburg.

EIR: We understand that you are upset about the situation of Russian cinema today. Why?

Melnikov: I think it is important to understand, that cinema in Russia has been one of the most important sources of cultural education. Of course, in the Soviet era it was propaganda in many respects, but still it was important that those “perfect people” shown in the movies, set a positive example of behavior for millions of people.

Then came a period in the late 1980s and early 1990s that reminded me of the period after World War II, when Soviet cinemas showed a lot of German movies taken by the Red Army and brought here. These German movies included a lot of embarrassing things that our citizens had never seen in Soviet films, including the negative sides of the Soviet Union, as an enemy image. In the beginning of the 1990s, something similar happened, but in much stronger doses: We saw a great number of American soap operas and thrillers. Also, Russian cinematographers made films on problems they hadn’t touched before. All of that created an atmosphere that showed: We are bad. It was the opposite message from before. Before, the Soviet Union had been presented as the best of all countries, going ahead of all mankind toward a brilliant future, etc. Now it was the opposite; the Soviet Union was suddenly presented as the worst of all, and the people were blamed for not understanding earlier that the regime was violent and cruel.

At the same time, the West was presented as the *perfect* model to be followed. As long as that was new, people were curious, and for a while couldn’t get enough of western mov-