French Socialists inch toward regulation

by Christine Bierre

The heavy electoral defeats suffered recently by British Prime Minister Tony Blair and by German Chancellor Gerhard Schröder, as well as growing public pressure against the policies of globalization in France itself, have provoked intense factionalization within the French Socialist Party against the free-market "neo-liberal" policies of Blair's "Third Way." Even though the French Socialists have never gone as far as to dismantle social assistance, as has Blair, or to attempt to impose austerity, as has Schröder, French Prime Minister Lionel Jospin has quietly applied a policy more in line with British free-market ideology than that of any of his Socialist predecessors.

But now, under growing pressure from the labor unions and the ranks of the Socialist Party itself, Jospin and other leaders are distancing themselves—at least verbally—from Blair's Third Way, and calling for some kind of reregulation of the financial and economic system. How far this will go beyond rhetoric, remains to be seen.

Pressure on Jospin

It is ironic that while President Jacques Chirac's former Prime Minister, the conservative Alain Juppé, the man who provoked the one-month transport strike that paralyzed Paris in December 1995, remains one of the most unpopular politicians in France, Jospin has managed, with his soft manner and austere style, to impose practically all the "reforms" that Juppé never succeeded in getting through, and which made him so unpopular. In particular, Jospin has privatized more previously state-run industrial sectors than any other politician before him.

Jospin's drift toward the Third Way, something which he has always denied publicly, appeared clearly in statements he made on national television on Sept. 13, concerning layoffs at Michelin, the French tire multinational. A few days prior to the interview, Edouard Michelin, the American-trained heir who just took over the company, announced that in spite of record 18% profits for the year, the company would be firing 7,500 workers in Europe and in France to "please" the stockholders! Michelin's decision, plus the fact that Michelin's stock prices skyrocketted by 12% after that announcement, provoked fury among Jospin's left-wing partners, and also among labor unions and left-wing or patriotic opposition groups throughout the country. The Communist Party, the major coalition partner of Jospin's Socialist government, and the Green Party, are both on the verge of exploding, as the radicalized rank and file are demanding a real break with the "free-market" policies of the government.

The Prime Minister's statements on national television provoked an uproar in a country where the state has always intervened to stop unjustified layoffs. After shedding crocodile tears on behalf of the Michelin workers, Jospin stated flatly: "One should not expect everything from the state. . . . I do not think at this point that the economy can be administered. It is not through laws, through texts, that the economy is regulated. . . . Everybody accepts the market now." After thus confessing his total impotence, Jospin had the gall to call on the workers and on the labor unions of Michelin to organize demonstrations and social actions in order to tilt the "balance of forces" in their own favor.

When the head of government has to call on the labor unions to demonstrate, in order to impose what it, the government, is no longer able to do itself, the world is definitely upside down.

A few days later, the Communist and the Green parties both called for a national demonstration aimed at pressuring their own government to fight against unfair layoffs. The protests were so intense, that Jospin was forced to use the occasion of a speech delivered to the Socialist parliamentary group at the European Parliament later in the month to counterbalance his earlier statements, talking extensively about the need to *reregulate* the economy, and announcing a series of measures such as taxation of companies abusing labor laws, and elimination of state subsidies to job-reduction plans of companies that do not conform to the 35-hour week.

A counter to the Blair and Schröder paper

While the French Socialist Party (PSF) was already working on a document to counter the Third Way memorandum published last June by Blair and Schröder, national opposition to those policies has now forced them to strengthen the language in that text. In the meantime, the outbreak of a broader fight against the Third Way within the Socialist International, led in particular by Oskar Lafontaine in Germany, who is using the French "Jospin" model as a battering ram against Blair, has catapulted the PSF into leading what purports to be an opposite, "neo-Keynesian" faction. The document made public by the PSF early in October will provide the basis for their factional alignment at the Socialist International Congress in Paris on Nov. 8, as well as at the Nov. 20 gathering in Florence, Italy, which will bring together Socialist International leaders as well as U.S. President Bill Clinton.

Presented by PSF National Secretary Alain Bergougnioux as a document against "the British strategy of influence," the Socialist Party memorandum goes against the Blair credo, and pleads for more regulation of the economy and of the international monetary system. And even though, at this point, it is all words—something the French Socialists excel at manipulating—the tendency is clearly against the Third Way.

Entitled "Toward a More Just World," the document stresses that the Socialist parties came into being as the "parties of the people as a whole . . . defending the general interests." "We must maintain a critical relation to capitalism," it states, because if "the force of the market economy is to be an incomparable producer of wealth, it is also unjust and often irrational." We are for "modernity," continues the document, the which, however, "must remain a force for progress" and "for the common good for all and not the privilege of just a few."

Denouncing the globalized economy which "undermines solidarity," "limits the autonomy of states and their options," and "reduces hope in political action," the document concludes that it is "necessary to define the forms of regulation that the new age of capitalism imposes."

In a chapter entitled "Containing the Market," the document clearly distances the French Socialist Party from Blair's attacks on health care, social security, welfare, and other public services. "If mastering health expenditure is indispensable, it is aimed at ensuring the continuing existence of systems of social protection, against those who, through privatization, would like to turn health into a business. . . . A more human society, is also one in which all are guaranteed access to essential services, to social and territorial cohesion and development of activities which demand heavy and long term investments."

Among the tasks of the state, "a society must organize . . . access to full employment," continues the document, indicating that the state plays "a major role in the competitiveness of the economy by ensuring the quality of its public services, the level of education and training of the population, the potential for research, the efficiency of infrastructure. . . . We cannot accept the 'flexibility' which translates into generalizing precarious [labor conditions]. . . . The state, guarantor of common rules, must continue to exert a regulatory function. . . . It is today a commonplace idea to say that 'Keynesianism' was adapted to the world of yesterday, but cannot survive in 'complex modernity.' " The document underlines, on the contrary, the global relevance of the "Keynesian message" in a deregulated market.

(In fact, as Lyndon LaRouche has underlined, "Keynesianism" is no alternative to Adam Smith's liberalism; they are simply two versions of British free-market doctrine, in fundamental opposition to the American System of Political Economy of Alexander Hamilton, Henry Carey, and Friedrich List. Neither approach will do anything to deal effectively with the crisis the world economy currently confronts.)

Reforming the financial system

The document further calls for "worldwide instruments of regulation," something which runs up against the "skepticism of the liberal ideology which expresses itself even in our own ranks." (Note that in European parlance, opposite to American, "liberalism" refers to the British free-trade model of economics, *à la* Adam Smith.) Calling globalization an "irreversible movement," the French Socialists state that "there is a need, however, for rules not only to stop the crisis, but to preserve regional and national identities. The lessons of the financial crisis which shook the world in 1997 and 1998, going from the whole of Asia to Russia and to Latin America, must not be forgotten, any more than the speculative bankruptcies of certain Western investment funds which threatened to bring down the whole system with them."

The PSF calls for a mixed bag of "greater transparency of the international financial system [as demanded by the International Monetary Fund and World Bank]; for the imposition of prudent rules on all financial institutions, including speculative investment funds and offshore centers; for the abolition of fiscal paradises; for limiting the destabilizing effects of the freedom of circulation of capital to emerging countries by opening up their capital markets in a more progressive and controlled fashion." The document also calls for "taxing international financial transactions in order to limit speculative capital movements; for involving lenders in the solution of crises they contribute to provoking; for fighting against organized crime, international drug traffic, and dirty money laundering."

From words to deeds?

Even though the general trend of the document is interesting, how can anyone seriously believe that the government of Jospin will move to realize such policies? The fine phrases are not concretized by any specific proposal. A closer study of the measures announced by Jospin in Strasbourg aimed at penalizing companies which abuse labor flexibility laws and which do not create jobs, shows that the proposed reforms do not go very far. In fact, most of them have still to be negotiated with the company owners themselves, or among the different government ministries.

Typical of the "anti-liberal mood" of the Socialist Party is an interview given by Finance Minister Dominique Strauss-Kahn, known as a "social-liberal," to *Nouvel Observateur* of Oct. 13, run under the title, "No, We Are Not Liberals!" Here, Strauss-Kahn develops the new credo: The new name of the game is "new forms of regulations," as Jospin told the Strasbourg assembly. But when Jospin was questioned about the fact that "governments, by relinquishing traditional instruments of control, have . . . created a situation where 'monetary policies' are no longer defined by the governments, but by the 'central banks,' " he replied, "False, totally false," and argued that "the creation of the euro constitutes a gain in sovereignty for France." What do words about "regulation" mean to such a person? When questioned about what the state can do in the case of Michelin, Jospin thinks it sufficient to say that 1) "the state must declare . . . that it is infinitely shocking that a company can" fire all those people; and 2) the state must promote 35-hour-week negotiations with the company and threaten the company with increasing its social security payments, if it does not contribute to reducing the layoffs.

Just as Jospin was speaking out against too much labor flexibility, Martine Aubry, the Economics and Social Affairs Minister, was defending her 35-hour-week bill at the National Assembly. There was massive opposition to this even from the Socialist deputies, because although the 35 hours will be paid the equivalent of 39 hours, those 39 hours come out to 4,831 francs per month—less than the minimum wage, which is 5,453 francs. The Socialist Party deputies and others feared, with good reason, that companies would take advantage of this loophole and immediately have everybody who is presently employed at the minimum wage, rehired at the costs of the new 35-hour contract, leading to significant cuts in the actual minimum wage. Aubry, however, was adamant in refusing to establish the new 35-hour week at the level of the present minimum wage, because that would be too heavy a burden on employers.

If the anti-Blair document represents a real shift in the current situation, it will take a lot more pressure to get the present government of France to go fully in the direction outlined by that memorandum.

The Devil's triangle: Bush, Gore, and 'Dirty Dick' Morris

by Michele Steinberg

The treasonous financier oligarchy that Democratic Presidential candidate Lyndon LaRouche identifies as the British-American-Commonwealth (BAC) faction in the United States, is in quandary over the Year 2000 elections. Despite this oligarchy's determination to ram a choice between Gore and Bush down the throats of the American voters, the strategy has not worked. And, as the panic grows over the disintegration of the international financial markets, moves by George W. Bush in recent weeks reveal that his policies are a mirror image of the "Third Way/triangulation" policies that have doomed Vice President Al Gore's bid for the Presidency.

Gore, like his other "Third Way" allies, is going down the tubes. And if the Gore candidacy is ended, the Bush potential is in trouble—George W. Bush, possibly the dumbest candidate to be fielded in recent history, according to observers such as *U.S. News and World Report,* would lose to any serious candidate. The way is open for a miracle, especially with LaRouche, campaigning as the true bearer of the Franklin D. Roosevelt tradition, on the scene.

On Oct. 5, the London *Financial Times,* one of the flagship newspapers of the BAC and the British Empire, signalled the end of Al Gore. Quoting extensively from unnamed officials of the British Foreign Office, the *Financial Times* takes a swipe not only at Gore, but at British Prime Minister Tony Blair for supporting him. Blair is already under fire for his increasingly erratic behavior which includes, sources say, plans to send some of his own election experts and polling officials to help out Gore. The *Financial Times* warns:

" 'We cannot repeat the mistake Major made with Clinton,' said an official [from the Foreign Office], referring to former British Prime Minister [John] Major's endorsement of George Bush, Sr., when he ran against Clinton.

" 'If Blair backs Gore, and Bush (Jr.) wins, it would be a disaster. But the more Gore appears to be in trouble, the more the Prime Minister seems to want to help him.' "

On Oct. 9, just after Gore announced he was moving his campaign headquarters "back home" to Nashville, Tennessee, the Anglophile *New York Times* echoed the *Financial Times:* "Mr. Gore finds himself in a harrowing battle for his party's nomination." The *New York Times* says that Gore