Camdessus' Austerity: No Solution for France

From Our French Bureau

As many have feared for years, in the absence of any serious change in French economic policy, the "shock therapy" of the International Monetary Fund has finally been invited into France, in the form of the report submitted Oct. 19 by Michel Camdessus to Nicolas Sarkozy, the Minister of Economics and Finance. With this, we are offered the spectacle of a France reduced to the status of a developing country and forced, like a developing country, to accept the destruction of its economy and its labor force, for the profit of the financial markets and the banks which determine the economic policy of nations.

The report, commissioned from former IMF Managing Director Camdessus by Sarkozy when he became Minister, has as its most striking feature its proposal to freeze the minimum wage.

The Camdessus recommendations correspond to the concerns expressed last July in the IMF's annual report on France, which placed at the head of the country's economic problems the fact that there are too few jobs—true—and that the minimum wage is too high—absurd.

Entitled "A Beginning: Towards a New Growth for France," the report offers some correct analyses, and murderous solutions. Among the correct observations: The French economy is "in the process of unravelling," says Camdessus, and if it continues thus, its rate of growth in 2011 will be no more than 1.75%. At the heart of the problems he identifies—without explaining that the causes lie in the neo-liberal, free-market drift of the economy—is the lack of employment in France, compared to other European countries. The report shows the active part of the population who must "carry" the economy is very low, because of unemployment among youth (age 16-25), which has reached 24%, and among people over 50, which is approaching 34%. The 35-hour work week, meant to improve the situation, has worsened it.

What to do? Put everyone back to work, even those over retirement age, but at lower wages, according to Camdessus. His project includes the proposals of the Virville, Marimbert, and Blanchard reports, to harmonize France's labor laws and unemployment benefits with those of other European countries. The Virville report advocates a neo-liberal deconstruction of the labor laws. The Marimbert report, inspired by the German "Hartz IV" austerity program, which provoked the recent "Monday demonstrations," proposes reorganizing the agencies that deal with unemployment, to force the unemployed to work, no matter the conditions.

The report advocates forcing retirees into the job market, and restricting retirement investment accounts and benefits—thus echoing U.S. Federal Reserve Chairman Alan Greenspan, who recently worried that we have "promised too much" to the elderly.

For the employed, the report advocates a single labor contract, and a "public employment service" that would be more "generous," but also provide more "incentives," to permit what the report claims would be the best deployment of the unemployed. All these measures would improve the *mobility of labor*—that is, ease of exploitation—in a situation in which, as the Marimbert report recognized, unemployment will persist, as a result of the dislocations and demographic transformations of the end of the Baby Boom. A sign of the times: International finance demands that the state abandon its responsibilities, that work no longer carry with it social rights now defended in the preamble of France's Constitution as fundamental, but soon to be cast purely as rights of private individuals.

But where the report really raises its battle flag is on the matter of wage levels. The minimum wage is "too high." Let us recall that more than 50% of our countrymen get by with the equivalent of 1.2 times the minimum wage, that 33% of them could not go on vacation in 2002, that a minimum wage barely covers the costs of housing—and here we have all the elements of a bitter rupture between the elites in the government, and the people.

Public Finances and the State

At a time when France routinely violates the criteria of indebtedness and deficit set forth by the European Union's treaties of Maastricht and Amsterdam, Camdessus proposes, *à la* Sarkozy, the creation of a strangulating "domestic stability pact" to associate "local communities and social bodies with the stability program for public finances emanating from Brussels"!

It is also necessary to "trim the fat" from public employment, which ought to be slashed by over 6%, the report argues, in part by replacing only one of every two public employees who retires.

Finally, the report fantasizes about a "knowledge economy," with the universities as magnets for research, great schools, and R&D departments in corporations, with privatized universities becoming "financially autonomous." But, although this is presented as an Eldorado of job-creation, the only specifics seem to be in the service sector, especially services for the elderly.

The time has come for the lower 80% of wage-earners of France—those who barely survive—to fight, with the Argentines and the victims of IMF policies in other developing countries, to put an end to this world economic and financial system, which carries within it the seeds of fascism, menacing as storm clouds.