

## French Senate Study: For A 'Neo-Colbertist Europe'

A working group of the French Senate's Economic Affairs Commission has published a report, "For a Neo-Colbertist Europe," which calls for an immediate reversal of the recent moves toward further deregulation in France. The study's title refers to Jean-Baptiste Colbert, the Finance Minister for King Louis XIV, who is a symbol of the policy of state promotion of industry and infrastructure.

The study, put together by 15 conservative and socialist Senators, focusses on how outsourcing is affecting the industrial power of France and the European Union as whole. In industry, outsourcing to eastern Europe and Asia has been most widespread. But it is industry which has determined the economic power and wealth of France and Europe—from the times of the Industrial Revolution to the "30 glorious years" of the post-war reconstruction.

The Senate report pleads for rebuilding industrial power in European nations, stating that the state must use whatever means necessary to encourage industrial rebuilding. The report accurately locates the initial erosion of Europe's industrial base with the first oil shock of 1974. From then on, the industrial model gave way to a service economy. The industrial workforce in France went from 38% to no more than 18% of total employment in 2001, while the service sector expanded massively. Outsourcing contributed to this downward trend in industrial employment.

Even though in absolute terms, industrial outsourcing has not yet taken on massive dimensions in France, it might create dramatic problems of unemployment in particular regions. The Senators note that industrial outsourcing will tend to get worse, because, in addition to low labor costs, there is a well-qualified labor force in eastern Europe, and increasingly, in China and India.

How can France, and Europe, face up to this problem? The Senators' recommendation is: Stop the "financialization" of the economy which imposes the diktat of short-term profits on firms and undercuts the future of firms and society. The European Central Bank (ECB) needs a new policy orientation, demand the Senators. France is the best in high-technology infrastructure projects: nuclear power, water projects, high-speed railways, and machine building for whole industrial complexes. France must fully reorient in this direction, and invest massively in industry-relevant R&D.

The Senate report, however, does not pose the question directly of how to bury the "Maastricht" scheme of budget restrictions imposed by the European Union, and how to reorganize the present neo-liberal financial system.