

French January Trade Figures Portend New Round Of Austerity

FRANCE

Government statistics released Feb. 21 reveal that France's foreign trade deficit for January 1977 amounted to a seasonally adjusted 2.4 billion francs, a 100 percent increase over December 1976, and the seventh consecutive monthly deficit of the balance of trade. Simultaneously, the official price index was reported to have risen by .6 percent, also a 100 percent increase over December. These announcements sparked an immediate new round of speculation against the franc, so far easily thwarted by Bank of France interventions.

French economists and government circles are discounting the significance of these poor results, arguing that the trade deficit is largely due to speculative oil purchases by French industries at the beginning of January in anticipation of the recent five percent increase of fuel prices, and to exceptional food purchases made necessary by the disastrous effects of last summer's drought on agricultural production. *Le Monde's* journalist Alain Vernholes even claimed Feb. 23 that, over a three-month period, there has been a clear trend toward a net decrease of the foreign trade deficit.

Despite these words of appeasement, the French government is gearing up for a new round of austerity. Bank-to-bank and overnight lending rates went up a quarter-point Feb. 23, and industrial firms are expecting new credit difficulties. In order to prevent excessive credit constriction, the government will reportedly lend

three billion francs to small and medium-sized exporting firms at a "preferential rate" of nine percent.

Beyond these stop-gap measures, the French government is preparing to implement Phase II of its austerity plan, named the "Barre Plan" after the current Prime Minister. Barre's intention, according to all press accounts, is now to "cleans" the steel industry of its unproductive obsolete sections — a move which will result in 20,000 lay-offs in the next five years, as well as reduce production by some 3-4 million tons annually, according to steel industry spokesman Jacques Ferry.

Barre has also committed his government to a similar "cleansing" of the nationalized industry and transport network, such as the railroad firm SNCF, Air France, the electrical utility EDF, etc. According to preliminary reports, Barre wants to make state subsidies to the nationalized sector dependent on its ability to "rationalize operations" and "make profits." Such drastic conditions will inevitably result in new lay-offs.

The third major government project is to streamline the national Social Security (pensions and health insurance) system so as to alleviate the several billion francs deficit it incurred last year. Various proposals discussed at the last Council of Ministers' meeting Feb. 22 stressed the need to "fiscalize" Social Security payments, i.e. abolish or reduce the employers' premium share while raising income tax yields.

On the energy front, the government will try to prevent an increase of the national oil bill (51 billion francs in 1976) by slapping a ceiling on gas and electricity consumption by industries, starting next October. Beyond a certain quota, industries will have to pay a stiff "over-consumption" tax.

Giscard Tries For A Brokdorf In France

An anti-nuclear energy 'ecology' movement is building up in France with the encouragement of President Giscard d'Estaing, and there is talk of a more open Carter-Nader type alliance against industry. Giscard's cousin and *Le Figaro's* regular columnist Fabre Luce has suggested that it would be good policy to associate the eco-freaks with government studies and planning since their hatred of the pro-economic-growth Gaullists and Communists makes them the perfect allies to implement the kind of zero-growth society the president would like to bring into being.

Over the past week the French Naderites expanded their activities into a round of provocative actions to stop the building of nuclear fission plants in the Alsace and Isère departments, accompanied with an extensive propaganda campaign on the alleged danger of fission among the local populations. This past weekend 2500 ecology militants gathered in the town of Morestel, Isère, in what was a strategy planning meeting to expand the organizing, reported *Le Monde*, Feb. 22. The outcome of the meeting was the decision to lead a campaign for "auto-reduction" — the reduction of one's electricity bill