

How will Chirac face administrative despots?

by Jacques Cheminade

The author ran as an independent candidate for President of France, as one of a field of nine candidates in the April 23 first round election. He wrote this article one week before the inauguration of Jacques Chirac on May 17 as President of the French Republic.

Jacques Chirac has been elected President of France with a plurality of national and local powers greater even than those enjoyed by the late Charles de Gaulle. He therefore has complete responsibility, because he has available—on paper—all the means of putting his recovery policy into effect. However, I have two reasons for thinking that his springtime promises will not be kept. The first is that “the markets” are imposing an austerity policy, relayed by the voices of the Parisian technocracy. The second is that Chirac has, in the face of the challenge, an administrative approach which dooms him to capitulate, if he sticks to it.

Dictatorship of the ‘markets’?

It is clear first of all that “the markets”—i.e., the interests attached to the financial cancer which I exposed throughout my campaign—are demanding their pound of flesh and are convinced they will get it. In technocratic language, as *Le Monde* of May 7-8 says in its financial page, “They take for granted . . . the fact that the next government will get down to the priority of cutting the public deficit.” Clearly this means not taxing financial capital, and going after consumption and family incomes (by hiking the value-added tax and so forth). The inevitable result of this would be austerity and a recession. But this is just what the markets want: The *Le Monde* article is called, “Long Live the Recession!”

The only way to break with this logic is not to treat the public deficit as a thing in itself and the State budget as a closed system in which spending has to be cut or revenues increased. Rather, beyond accounting conceptions, the economic reality is that the public deficit and the State debt were caused by a lack of growth. The French office which monitors economic indicators, the OFCE, has shown this clearly. With an average growth of only 3% during the last five years, with social spending unchanged, the public deficit would have remained around 1.5% of Gross Domestic Product and would never have reached the current level of 6% of the GDP (1994). The problem is therefore non-growth, and we have to look at the cause.

This is found in the capture of money and credit flows by the financial economy, at the expense of the physical economy, and in the unprecedented rise in interest rates (remuneration of financial gains) which is the sign of that capture. If one does not go after that cause, then talking about wage increases, a recovery in consumption, or relaunching investment makes little sense: It is a little bit like claiming to make the sun shine without trying to dispel the clouds.

Gingrich-Gramm logic

Now if we go back to Jacques Chirac’s speeches and statements, we see that he never gets out of the dilemma we have posed above: He claims to reduce public deficits and the State debt, while at the same time relaunching wages, consumption, and investment, without treating the basic question of non-growth and its cause.

In his “Face to Face” debate with Lionel Jospin, his Socialist rival in the last round of the Presidential election, Chirac announced two things. First, that he was going to pursue privatizations while earmarking the proceeds for debt reduction. Next, that he would achieve a rollback in the public deficit by holding down budgetary spending for the current year at the level of the previous year’s spending, and by assigning the surplus receipts to trimming the deficit. That means functioning entirely in an accountant’s closed system! Now, it is precisely in such a system that one cannot escape from the financial law: Mr. Chirac thus goes deeper and deeper, with his head down, and no doubt not fully consciously, toward the logic of Newt Gingrich and Phil Gramm in the United States, in the version recycled into France by Alain Madelin.

All that one can say otherwise, in these conditions, is foreordained to fail, and one can understand that the “markets” take very little into account his fine social words and his generous flights of fancy, and are playing to the hilt the pursuit of financial contraction from which they get the advantage. Long live the recession!

Some might call me unfair and say I am pre-judging a man before he is tested. That is certainly not the case. A man can always break the dilemma which he agrees to get back into. What I am saying—which cannot be contested—is that if Jacques Chirac does not shift gears, he will be forced to govern in perfect technocratic and financial continuity with the Balladur mode, no matter what his intentions may be otherwise.

Neither a project nor a design

The televised debate with Jospin confirms, in content and in form, all my fears.

In content, the only thing we heard was speeches by experts, like the timely remarks of two directors of a ministerial cabinet or two students in a seminar at the national administrative school. Nary a project, nary a design, nary an impetus worthy of a President of the Republic or even of a prime

minister, never a political word in the tragic sense of the term. This augurs ill, indeed, poorly, for a "step toward a break," not only on the part of Chirac and Jospin, but also for a French political world which, as in the 1930s, swims in a fishbowl without seeing the world.

It is otherwise significant that foreign policy was hurried over in the last moments of the debate, without the interlocutors giving the feeling of having anything decisive whatsoever to say about it.

In form, the two candidates seemed to fear the reality of bodies and words, physically remaining frozen and each one playing a pre-scripted character. There was a striking absence of taste for words, of pleasure in handling the language: Their speeches were programmed, without modulation, dealing out one by one the "frozen words" which Rabelais talks about.

More prosaically, if Chirac does not dissolve the Chamber of Deputies, and if he names Foreign Minister Alain Juppé as prime minister—as everything seems to indicate—the feeling of technocratic and financial continuity will become set in cement.

A political movement

From then on, it is a "state of disgrace" that he will have to endure. France, faced with a President it elected largely by default, will look for something else, in the midst of a

national crisis and a world crisis which its government will not succeed in getting a grip on.

That will be an extremely dangerous situation, in which Jean-Marie Le Pen's National Front, and a moral anarchism destructive of all values, will link up as formidable machines to popularize evil. We must do everything to keep from getting to that point, while being ready to deal with it. That is why our priority—that of my friends and myself—is twofold:

- to do our best to show, to the Presidential majority and to the opposition, the nature of the fundamental issues and the need to rapidly come up with a response at that level, with the logic of a break which this response implies;

- to constitute our own political movement, starting from the basic premise of what is at stake in the ongoing crisis of the system, and to detach ourselves on principle from any administrative conception of people and things. To lead the way back to daring and enthusiasm, is in fact the best way to save the framework of our country.

Tocqueville used to say that administrative despotism is the only thing democracies have to fear. I would rather see it as the first step toward an oligarchic order, the closing in on a system of management by accounting and thought-control. The challenge which has been thrown up to us today is to escape this, and to lead others out of it, by taking the high road.

Behind the scenes of the Paris stock market rise

Since the beginning of April, the CAC 40—the index of the main stocks in the Paris market—has been steadily climbing, and on May 12, it crossed over the psychological barrier of 2000. This is thanks to a marked return of foreign investors, of whom the Anglo-Americans are the most important group, who control a good third of French stock-market capitalization as well as half of the "floating" part, i.e., the stocks which are actually available on the market and have not been frozen by their holders.

This return was especially felt on the day after the Jospin-Chirac debate. The fact that both of them were so careful to avoid mentioning the financial problems, "reassured" the markets which had confidently returned to investing in France. Chirac's victory confirmed and amplified this movement. This is a poor omen for the coming Chirac Presidency.

Since early April, Anglo-American capital has been pouring into the Paris stock market, following the strong advice of the major investment houses, ac-

cording to the financial newspaper *La Tribune des Fossés*. Morgan Stanley, for instance, recommended to its clients at that time "to increase the role of French stocks in their portfolios and to favor the media, banking, and energy sectors."

What are the foreign investors betting on? Above all, on a weak franc. Michel Hollant of the Meeschaert Rous-selle stock firm, recently commented in *La Tribune* that the stocks with the heaviest trading volume are in the export area and these are the ones which can "take the most advantage of a weakness in the franc." Among the main beneficiaries of these investments are: Elf Aquitaine, la Générale des Eaux, Danone, Axa, LVMH, Alcatel Alsthom, and Total.

There is also speculation on a relaunching of consumption caused by the policy of higher wages and recovery in employment, promised by all the candidates. "The dogma of the strong franc is presently replaced by that of employment," Jean Borjeix, of the Jean Pinatton stock company, also noted in *La Tribune*. It was also indicated in the stock market circles that investors are especially buying up construction industry shares, because the top candidates had made public housing construction one of their primary campaign planks.—Christine Bierre