

# Juppé ousts French finance minister, Thatcherite Alain Madelin

by Christine Bierre

French Prime Minister Alain Juppé announced on Aug. 25 that he was removing Alain Madelin from his post as economics and finance minister. The ouster of Madelin, whom the *Wall Street Journal* and other international financial press affectionately call the “French Margaret Thatcher,” could lead to a revolution in French economic policies, back to the dirigistic and production-oriented policies associated with President Charles de Gaulle and his economic *éminence grise*, Jacques Rueff. *EIR* had already shown (in our issue of Feb. 10, 1995) to what extent the free-marketeers from the Mont Pelerin Society were counting on Madelin to finally bring to an end France’s republican political system, which is based on the idea that the State must protect citizens from rapacious financiers and ensure economic progress for the nation as a whole. Those circles are the only ones howling presently at the sudden dismissal of Madelin.

In a certain sense, the break with Alain Madelin was inscribed in the course of events to come, from the very beginning. Since Jacques Chirac launched his bid for the presidency in mid-1994, Madelin’s presence among the team of his closest advisers, has been a question mark to most observers. What is a die-hard, “less State,” economic liberal, a spokesman for the ultra-liberal Mont Pelerin Society, a man whose model economist is Friedrich Von Hayek, doing as one of the three main pillars of the President of France’s Gaullist party? His presence was a paradox, because Jacques Chirac ran his presidential campaign on a program which was anything but liberal. His first priority, as he repeated throughout the campaign, was to use the power of the State to end what he called the “social fracture” of the country: a tremendous growth of inequality among the French citizens caused by a whopping rate of unemployment and leading to the increasing marginalization of broader sections of the population. What was a man like Madelin doing on a team led by Jacques Chirac; Alain Juppé, now prime minister; and Philippe Séguin, the president of the National Assembly? These last three are each, in different ways, typical products of what is left today of France’s Colbertiste tradition: civil servants committed to a centralized State which takes responsibility for the well-being of the population, by ensuring decent rates of economic growth, jobs for everybody, transport and energy infrastructure, a high-quality education and

health systems for each and every citizen.

## Longstanding tension

Fortunately for the French State, this insoluble paradox finally led to a break for the best: the exit of Alain Madelin. What had brought the situation to a head were Madelin’s statements threatening to cut civil service pension funds, but tension had been brewing almost since the very beginning. In the first fight, Juppé and Madelin locked horns on the issue of the defense budget, which the economics and finance minister wanted to cut severely. President Chirac, who takes his role as head of the French armed services very seriously, intervened to avoid any cuts and maintain the military budget at the same level of the previous year. A second fight broke out when Madelin took the initiative of announcing that the number of civil servants would be significantly reduced, a favorite hobby-horse of the cut-State-spending liberals; Juppé then had to publicly deny that Madelin’s statement was government policy.

Madelin went even further, in statements to Europe 1, a popular national radio station, the week prior to his sudden departure. These were the immediate cause of his ousting. In “Gingrichian” style, Alain Madelin promised to reduce spending by attacking the social benefits accumulated over the years by employees in the public sector as opposed to those in the private sector. “The prime minister, and I will join him, will pose in the coming period, a series of questions aimed at reviewing certain of our social advantages, of our bad habits,” he said. The “bad habits” he was referring to, are “injustices between France’s protected sector and those of the exposed sector,” i.e., the public and private sectors, respectively. Madelin was referring to the fact that civil servants’ pensions are calculated on the basis of 37.5 years of work while those of private sector employees are calculated on the basis of 40 years of work. Not happy with having set one set of workers against another, Madelin continued, attacking “injustices” between those on welfare who receive a monthly Minimum Integration Revenue (RMI), and those employed at minimum wage. “Is it normal,” he asked querulously, “that a family with two children receiving RMI and other social benefits, earns more than the family which lives on the same floor of the building, but who gets up early in

the morning, comes home late at night, after an exhausting day, and who only earns a minimum wage?"

This immediately provoked an uproar from the trade unions, the left, and from organizations fighting for increased social justice, which were already mobilizing for social demands in September, when the French population comes back from its long summer holidays. Madelin's statements intersected a growing wave of discontent stemming from a feeling that Jacques Chirac, who was elected on a platform to fight social injustice, was not delivering on his promises. According to the slanted polls published by the media, the French population is disappointed with Chirac: They expected a "social" President and have found instead a "Chief of Staff" of the armies!

The ruthless ousting of Madelin and the terms used by Alain Juppé to explain why this decision was taken are extremely encouraging, because they indeed confirm a strong determination by the government to fight social injustice. Hitting at the heart of Madelin's liberal credo, Juppé essentially reminded him that in order to reestablish social justice in the country, the government would be asking the privileged to help the poor, and not the other way around!

"As you know, the President of the Republic committed himself vis-à-vis the French citizens, to do everything possible to restore the social cohesion of our country," stated Juppé. "This is the mission he entrusted me with when he nominated me to head the government. France is morally and materially weakened by a social fracture as a consequence of unemployment and marginalization. This is why I have made the struggle for employment, the main priority of my action. My government wants social justice. It is not by denouncing the social benefits gained over the years that one can meet the conditions of increased solidarity. We need, quite the contrary, to encourage the dynamic forces of the nation and demand that the more privileged help those who are less so. We should not confuse the struggle against privilege by putting into question acquired social benefits." He continued, "The declarations of the economics and finance minister go against the reform will of the government, founded on a policy of social and fiscal justice and on a broad method of cooperation."

### **Right to housing enforced**

In order to make sure that the message was quite clear, the government announced a series of social measures which will be adopted over September, which should alleviate the hardship suffered by the poorest in the present crisis. The main signal that the government intends to send to the financial circles which have made tremendous profits over the last years of speculation, was the decision announced by Housing Minister Pierre André Perissol, to requisition 500 empty apartments in the Paris area belonging to banks and insurance companies, to make them available to homeless before the beginning of the winter.



*A street in Paris decorated for the 100th anniversary of de Gaulle's birth, in 1990. The removal of Madelin could clear the way for a genuine Gaullist economic policy.*

One of the most hideous expressions of the "social fracture" is the fact that today in France, one of the richest countries in the world, 200,000 people are totally homeless, 470,000 live in rooms in what are euphemistically called hotels or pensions, while a million and a half more live in substandard housing. During the campaign, Jacques Chirac had promised he would address this problem, and Alain Juppé, in his inaugural speech to the National Assembly, announced that 10,000 homes would be made available to the homeless before winter, using emergency measures, and that construction of 10,000 more new homes would be started as soon as possible. To meet those demands, the government had started negotiations with the banking and insurance sector, which owns at least 130,000 empty apartments, as well as nearly 4 million square meters of empty office space in the capital city area. Unsatisfied with the pace of the negotiations, and determined to send the right message, Pierre André Perissol infuriated the financial sector in a late-August announcement that he was requisitioning by force 500 empty corporate apartments. The precedent for this stems from the

strictest of Gaullist traditions: It was Charles de Gaulle who, in 1945 and again later in the 1960s, introduced a decree allowing the State to requisition apartments, in accordance with the French Constitution, which guarantees every citizen the fundamental right to a roof over one's head.

On national television, Juppé announced other measures, including: a monthly stipend to the very old to allow them to employ care-givers at home, a program aimed at stabilizing and creating jobs in the poor suburbs, a tax-free 125,000-franc housing loan aimed both at boosting the severely depressed real estate market and at the same time improving the conditions for the population to buy homes.

As important as the signal may be, however, these measures alone will not solve the deep international financial and economic crisis which has France in its grip, which brings us back to the question we started with: Why was Alain Madelin tolerated in the government in the first place? As committed to social justice as he might be, Jacques Chirac has not yet decided—or perhaps, he has not yet been able to create the conditions—to tackle the real problem of the economy: the financial deregulation which has led to cancerous financial speculative looting of the productive economy over the last years. This is what is destroying the economy internationally. The only long-term solution to the economic crisis resides in coming back to national regulation of financial flows and to a “dirigistic” economy, whereby the State orients credit flows toward productive investment in infrastructural development or other useful forms of investment, and discourages, through taxation or other means, financial speculation. So long as such measures are not taken, the cancerous growth of speculative financial activity will lead to more and more bankruptcies in the productive and other sectors of the economy, and to increased unemployment. These are the real causes of the budget deficit and of national indebtedness: The growth in unemployment and the rise in bankruptcies lead to severe reductions in fiscal revenue for the nation, and thus to an increased deficit and borrowing.

France is confronted with a further problem: compliance with the Maastricht Treaty adopted in 1993 by the European Union. This treaty, whereby the European Union nations decided to create a single currency and a European Central Bank system by the end of the century, demands that the public deficit and indebtedness of the member states be kept below 3% and 60%, respectively. Compliance with those criteria is forcing not only France but also most other European governments to adopt the harshest budget austerity, which, in turn, runs contrary to policies of “social justice.”

It is both the acceptance of the present financial order of speculation, as well as the adherence to the Maastricht Treaty, which explains why a man like Alain Madelin had been tolerated in the government in the first place. Madelin, the apotheosis of monetary orthodoxy, has now been removed. We will see in the coming weeks and months, whether the actual policy was removed along with the symbol.

## Brain's 'raves' create scandal in England

by Mark Burdman

The Church of England is being rocked by a scandal that could have significant repercussions, not only for the British monarchy and for the United Kingdom, but internationally. The case centers around Rev. Chris Brain, an ordained Church of England minister, who had become widely known for his “Nine O’Clock Service” in the town of Sheffield, England. NOS is a so-called “rave” religious service, involving loud rock music, banks of television screens, dry ice, and other sense-bombarding paraphernalia. A national scandal broke, when various female “worshippers” at Brain’s church came forward with tales of how they had been sexually abused during the services, and had suffered severe emotional trauma as a result.

At first, the church hierarchy tried to keep the scandal under wraps, but this became impossible, as more victims came forward with lurid stories. In typical British practice, the same senior church figures who had, earlier, not only sanctioned, but praised Brain, turned vengefully against him, in a brutal exercise in “damage limitation.” The reverend was tossed into a mental institution.

### ‘Up to the highest levels’

On Aug. 26, Madeleine Bunting wrote in the London *Guardian* newspaper that the Church of England is being hit by its “most damaging crisis for decades. . . . It’s been a destructive week for the credibility of the Church of England.” She said that the implications go far beyond the “storm over the loss of its historic assets in property speculation” that had erupted last year. This is because the NOS was fully sanctioned by the Church of England, “up to the highest levels.”

Bunting’s account stopped short of indicting Her Majesty Queen Elizabeth II, the Supreme Governor of the Church of England. But she has documented the fact that Brain was sponsored, or patronized, by senior figures in the office of Dr. George Carey, Archbishop of Canterbury and Primate of the Church of England.

According to Bunting, Reverend Brain was able to run his NOS cult for ten years, during which time he worked as a church “group leader” under Canon Robert Warren, “now an adviser to the Archbishop of Canterbury on evangelism.” Furthermore, she wrote, “NOS was praised repeatedly,” as leading figures in the “evangelical” wing of the church at-