France: finance scandal rocks the Fifth Republic

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For three weeks now, France has been in the throes of a finance scandal that has dragged French President Jacques Chirac and Prime Minister Lionel Jospin into the mire. There is more at stake in this affair than merely the fate of individual politicians or the demise of one or several political parties. The scandal reflects a profound crisis in the entire system of France's aged Fifth Republic. The methods by which the ruling class has exercised power for the past 40 years are no longer functioning.

On September 22, *Le Monde* published the transcript of a videotape recording lasting several hours in which building contractor Jean-Claude Méry described in detail the illegal financial activities of the Gaullist RPR (Rassemblement pour la République—Assembly for the Republic). Méry, who died a year ago, was a fundraiser for the RPR in Paris during the 1980s.

The methods of illegal fundraising described by Méry are known from previous scandals and court cases. Companies that are awarded contracts out of the multibillion-franc budgets of the major cities show their gratitude by paying “commissions” to the party that runs city hall. Generally, the opposition also gets a cut of the “commissions” to make sure they keep their silence.

According to Méry, the RPR in Paris was able to drastically increase the amount of “donations” it received within a few years due to his activities—from several hundred thousand to 40 million francs per year. Invoices for building contracts were overcharged up to 40 percent in order to divert the “commissions” to the parties, while cheaper and inferior building materials were purchased for the same purpose. The condition of many public buildings bears witness to this cost-cutting: school fire-check doors are falling off their hinges, plaster is crumbling off the walls and stairways are disintegrating into sand.

What is new and explosive about Méry's statement is that it reveals names, amounts of money and data, and for the first time indicts the head of state himself as a key figure in the system of illegal party funding. At the time Méry was active in fundraising, Jacques Chirac was first mayor of Paris and then prime minister. In one sequence of the recording Méry graphically describes how he once took 5 million francs out of his briefcase and placed the money on a table at Matignon, the seat of the French government. According to Méry, Chirac was sitting opposite him and congratulated him on his talent for collecting donations.

Only two days after the *Le Monde* article was published, the news magazine *L'Express* dragged the governing Socialist Party down into the mire as well. *L'Express* revealed that the original videotape with the recording of Méry's confession had been in the possession of Dominique Strauss-Kahn for two years. Strauss-Kahn, a close confidant of Prime Minister Lionel Jospin, was finance minister in the Jospin government until November 1999, when he was forced to resign for having received fraudulent fees from the student welfare organisation MNEF.

Strauss-Kahn had been given the videotape by tax attorney Alain Belot, a former member of Strauss-Kahn's staff whose clients included both Méry and the journalist who had made the video recording. Belot also represented fashion designer Karl Lagerfeld, whose tax debt owed to the French state was reduced from 200 million to 46 million francs shortly after Belot handed over the videotape to Strauss-Kahn. The attorney now claims that he gave the videotape to the finance minister in return for the reduction of his client's tax burden.

Strauss-Kahn denies this, but admits accepting the video cassette. However, he claims that he did not know its contents, had never viewed the tape because he didn't have a suitable video player and had since then mislaid the tape and couldn't find it—an excuse which seems hardly credible in view of the politically explosive nature of the recording. Since then, there has been a flurry of speculations and rumours as to whether Prime Minister Jospin knew about the videotape, why it was kept secret for so long and how it ultimately found its way to the news desk of *Le Monde*.

Ever since the Méry affair surfaced, there has been a virtual state of war between Elysée Palace and Matignon, the respective seats of the president and the prime minister. Chirac, who has only been able to avoid been summoned before an examining magistrate because of the immunity he enjoys, accuses the government of illegal intrigues. Jospin, in turn, accuses the president of lashing out to divert attention from his own misdeeds.

Opinion polls show that both Chirac's and Jospin's public reputations are at an historic low. The Méry affair has thus revealed for all to see the chasm that has long separated the mass of the population from the political establishment in its entirety. Jospin, whose initial popularity was attributable, among other things, to his presenting himself as a politician of “moral integrity”—and who always made great efforts at distancing himself from the numerous corruption affairs that have been convulsing the French Republic for years—is rapidly losing that favourable image.

Two days after the publication of Méry's confession, another event also revealed widespread disgust with the entire political system: the referendum on reducing the president's term of office from seven to five years.

The corresponding amendment to the constitution had, for the first time, the unanimous support of the president, the prime minister and both houses of parliament. But it met with unparalleled disinterest on the part of the population. The referendum was passed, but less than a third of eligible voters went to the polls. And of those, more than 2 million cast invalid votes by either not crossing any choice on the ballot or by writing other demands on it. In total, less than 20 percent of the electorate answered “yes” when asked whether the term of office should be five years.

Originally, the reform of the constitution was supposed to be part of a comprehensive “reform of democracy”. The debate about this has been going on for 28 years. But moves to reduce the president's term of office have consistently failed due to the opposition of whoever happened to be holding that office. The Socialist and Communist parties had already been demanding the abolition of the seven-year term of office together with a

comprehensive reform of the constitution in the 1970s. But almost as soon as the Socialist François Mitterrand was elected president, he discovered that “although the institutions may not have been created especially for me, they suit me ideally” (*Le Monde*, 1981).

When Lionel Jospin assumed office as prime minister, the Socialist Party once again declared itself in favour of a “reform of democracy”, promising to curtail the rampant accumulation of offices, extend the powers of parliament, reduce the powers of the president and initiate a decentralisation of government. After prolonged horse trading between the president and the prime minister, all that remains is the reduction in the president's term of office. The intention in adapting the president's term of office to parliament's legislative period, which also lasts five years, is to reduce the likelihood of *cohabitation*, i.e., a situation (such as is currently the case) in which the president and the prime minister belong to opposing political parties. Chirac, who in the summer of 1999 was still strictly opposed to reducing the term of office, finally gave way because he thinks it may give him a better chance of being elected for a second term.

The endless and fruitless squabbling about a reform of the constitution is a reflection of the fact that, in the final analysis, it is not possible to resolve the crisis of the political system by means of cosmetic reforms of the Fifth Republic's institutions. The problem is more deeply rooted in the social relations that brought forth the Fifth Republic and which are defended by it.

The current French constitution was instituted in 1958 at the height of the Algerian War, when France was on the verge of civil war. A coup by the troops stationed in Algeria threatened the existence of the unstable Fourth Republic, which had seen 24 changes in government during the 12 years of its existence. General Charles De Gaulle, who had petulantly retired to his country estate in 1946, was called back and vested with semi-dictatorial powers. As a symbolic figure of the liberation from German occupation, he was seen as the only person who could bring about peace between the warring factions.

De Gaulle decreed a constitution that was completely adapted to his own person. The office of president, which in the Fourth Republic had been entirely limited to representational functions, became the real centre of power, vested with extensive powers. The instrument of the referendum allowed the president to rule without regard to parliamentary majorities. And the seven-year term of office, which was adopted from earlier constitutions, also strengthened the independence of the president from parliamentary majorities.

But the Fifth Republic soon found itself in a crisis when the threat of civil war faded, and new, more complex social conflicts emerged. The general strike of 1968 heralded in the end of De Gaulle's rule—and nearly brought about the end of the Fifth Republic as well. It was only the loyalty of the Communist Party, which at that time still had mass influence among militant workers, that saved the bourgeoisie from being ousted from power.

De Gaulle's successors—Georges Pompidou, Valéry Giscard D'Estaing and François Mitterrand—maintained the presidential system, but changed its character. The president was no longer a bonapartist referee between two enemy camps, but rather a mediator and juggler between a whole bevy of social interests and lobbies.

Mitterrand, a fully qualified graduate of the Fourth Republic's school of intrigues, was particularly skilled in this art. In order to keep the working class under control, he based himself on the Socialist Party, the trade unions and above all the Communist Party, which he included in his governments even when he did not require its support to gain a parliamentary majority. At the same time, he maintained relations with all political camps, even with former officials of the Vichy régime which had collaborated with the Nazis during the Second World War.

The equilibrium of this political system was maintained by means of a well-balanced apportionment of jobs, spheres of influence and sources of income. These conditions were ideal for the proliferation of *corruption à la française*, the rules of which were once described as follows by a political scientist: Sell influence for money, buy and sell decisions, pocket commissions, manipulate urban development plans, make sure the “right people” get public contracts.

There was hardly any difference left between the interests of individual business groups and those of politicians. The “commercially available” politician, a type that was still the exception in the sixties and seventies, became the norm, and there were numerous attempts at adapting the state institutions to this situation. The French parliament passed several amnesties and created new institutions, such as the High Court of the Republic and the Constitutional Council, whose primary duties were to rescue politicians who had been caught red-handed. Little wonder, then, that the last president of the Constitutional Council, Roland Dumas, was himself forced to resign because of his entanglement in the bribery scandal involving the Elf-Aquitaine Group.

It would go well beyond the limits of this article to even begin to name all of the politicians involved in corruption scandals during the Mitterrand era and afterwards. Let it suffice to recall the cases of Bernard Tapie, Mitterrand's erstwhile “crown prince” who ended up in jail as a financial adventurer and high-risk gambler, and of Èdith Cresson, another Mitterrand protégée who, after failing in her bid for election as prime minister, moved into the European Commission and then caused its complete resignation as a result of her pronounced inclination to nepotism.

Today's profound crisis of this political system is attributable to a number of profound changes.

For a start, the mass influence of the Socialists, Communists and trade unions has dwindled. The systematic attacks on the standard of living and social conquests of the working class, most of which were carried out precisely by these groups over the past two decades, have decimated their membership and voter bases. As opposed to the 1970s and 1980s, these parties are now scarcely able to control social conflicts. These conflicts—such as the 1995 strike movement or the recent protests against fuel prices—have taken on explosive forms and regularly result in political crises.

Also, the web of interdependence, tight-knit relations and corruption that was characteristic of the Mitterrand era has become a disadvantage in the global economy. The expense of bribes and “commissions” reduces shareholders' profits, and scams and collusion deter international investors. Moreover, the fusion of the interests of politicians and business is jeopardising the functioning of the political institutions and of the French state in its entirety. A state that is run according to the principle of “you scratch my back and I'll scratch yours” does not possess the authority required for carrying out “painful cuts” against the interests of the population.

These issues have been the subject of vehement conflicts between the judiciary and the political establishment for about 15 years now. Whilst the occasional “black sheep” is dragged before court and sentenced, judges are regularly intimidated for the purpose of damage control. The Méry scandal surfaced at a time when confidence in the political system has reached an absolute low point. The established parties are regarded by broad sectors of the population as being the representatives of a greedy minority who only promote their own interests and those of their financial backers and who couldn't care less what happens to society in general.

Another element of the crisis is the fragmentation of the political landscape, which is highly reminiscent of the Fourth Republic. Both the left and the right are completely divided on fundamental issues of political orientation, particularly with regard to the issue of European unity. In the left camp, Jospin's coalition government is based on five parties—the Socialists, the Communists, Chevènement's Citizens Movement, the Green Party and the Radical Party—that are not only vehemently at odds with each other, but also deeply divided within their own ranks.

In the right-wing camp, the Gaullists are split into a pro-European wing led by Chirac and an anti-European wing led by Philippe Séguin, whilst their traditional coalition partner, the UDF, has always been a jumble of different parties. Besides, both the Gaullists and the UDF (French Democratic Union) are under pressure from right-wing populist parties, such as Le Pen's National Front and the “Movement for France” led by Charles Pasqua and Charles de Villiers, which regularly attract up to 15 percent of the vote, but have now also split up into warring factions.

As opposed to the beginnings of the Fifth Republic, the president no longer possesses the authority to keep this madhouse under control. On the contrary, the tense relationship between the government and the president is causing even more political instability. Due to the rapidly changing majorities in parliament, *cohabitation* —the cooperation between a right-wing president and a left-wing prime minister, or vice versa—with its inevitable friction and conflicts is no longer the exception, it is the rule.

Cosmetic alterations such as the reduction of the president's term of office are quite obviously not enough to resolve this crisis. And Jospin's attempt at reintroducing morality into politics has only made things worse. To the extent that Jospin, who assumed office with the aura of an incorruptible politician, is drawn into the scandals himself, the widespread feeling that all politicians are corrupt will increase.

One can thus safely assume that the Méry scandal is merely the precursor of political crises to come, which—as is so often the case in France—will also take place on the streets. What the outcome of these crises will be, whether they result in a further decline of society and politics or bring forth a solution that is in the interests of the population, depends on whether the working class is capable of intervening with its own independent political program.