

France: Sarkozy names Socialist Party's Strauss-Kahn to head IMF

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Recently elected conservative French President Nicolas Sarkozy has named and received European backing for the candidacy of the Socialist Party's Dominique Strauss-Kahn to head the International Monetary Fund (IMF). This is the latest in a series of moves by Sarkozy that draft "left" politicians into his government and aim at increasing France's power within various international economic institutions.

The IMF, together with the World Bank, was set up by the US, the UK and allied capitalist powers at the 1944 Bretton Woods conference so as to stabilize the world capitalist economy after the Great Depression and World War II. Today it monitors global currency flows and compels poor countries to cut public services and state spending in exchange for debt relief. Traditionally, Europeans nominate the IMF's managing director and Washington names the World Bank president.

A leading member of France's Socialist Party (PS), Strauss-Kahn has impeccable corporate credentials. An economist, he was minister of industry and foreign trade in 1991-1993, then was a lobbyist in the EU capital, Brussels, for carmaker Renault and financier Vincent Bolloré. From 1997 he was Socialist Party Prime Minister Lionel Jospin's finance minister, privatizing France Télécom, the Crédit Lyonnais bank, defense firm Thomson-CSF and Air France, among others. He reportedly played a major role in preparing the launch of the euro. He resigned in 1999 amid a bribery scandal and since then has functioned as a major figure in the PS and as a deputy in the National Assembly.

In accepting Sarkozy's proposal, Strauss-Kahn joins a number of Socialist Party politicians who have taken or are preparing to take positions in Sarkozy's government. Former Culture Minister Jack Lang, informed by the PS leadership that he would be expelled from the party if he accepted Sarkozy's invitation to join a commission on "institutional reform," resigned from the PS and denounced its "petty discipline." Former PS Foreign Minister Hubert Védrine now leads a study group proposed by Sarkozy on the effects of globalization.

The new wave of PS converts supplements, and, in general, they occupy a higher rank in the PS apparatus than the previous group of social democratic politicians who first accepted positions in Sarkozy's cabinet. Those included most prominently former "humanitarian" Bernard Kouchner, now

Sarkozy's foreign minister, and erstwhile feminist Fadela Amara, now secretary of state for town policy.

Much can be said about the haste with which PS politicians are tripping over themselves to join a fiercely right-wing administration. (Sarkozy recently gained the dubious distinction of being the first French president to invite neo-fascist National Front leader Jean-Marie Le Pen to the presidential Elysée Palace.) On its face, it provides conclusive evidence that no substantial disagreements separate the "socialists" of the PS and the Sarkozy forces. The PS leadership and the far right can easily work together; they have merely tactical differences. In this context, it should be remembered that virtually the entire French "far left" called for a vote for the Socialist Party in both the presidential and parliamentary elections this year.

Center-left French media have been at pains to quote Sarkozy's comment that he is seeking to "asphyxiate" the PS by giving its top personnel jobs in his administration, thus subordinating it to him. This is doubtless part of it. However, there is more involved than merely short-term political or electoral considerations.

The logic of Sarkozy's action—as well as the acceptance of his job offers by Socialist Party leaders—becomes somewhat clearer if one considers the essential thrust of his presidency. As Sarkozy proclaimed during his campaign, his goal is to carry out a "rupture" with France's current social institutions—that is to say, a thorough settling of accounts with the "welfare state mentality" and beyond that, with the French working class and its living standards. He aims to carry out "reforms" which his predecessors proposed but were unable to fully implement due to massive protests by the French working class (against Alain Juppé's Social Security reform in 1995, Jean-Pierre Raffarin's pension reform plan in 2003 and Dominique de Villepin's First Job Contract in 2005). His strategy is to carry out the reforms while posing as the great restorer of the glory and unity of France.

Sarkozy himself had a somewhat revealing comment, when asked why he had nominated Strauss-Kahn to the IMF post, jilting right-wing candidates: "[Strauss-Kahn] and I have the same vision for the IMF. Should I deprive France of his candidacy because he's a Socialist? How could I call myself president of all the French if I reasoned thus?"

In short, Sarkozy needs PS personnel to present a bogus façade of national unity, while he prepares a “rupture” program of cuts designed to enrich the French bourgeoisie and impoverish French workers, and advance French imperialist interests around the globe. And the PS figures are more than happy to provide this “left” face, because, in fact, they agree in essence with his program.

At least for the moment, Sarkozy’s aggressiveness no doubt impresses the ruling elites in other European countries anxious to carry out similar attacks on social programs and basic rights. Thus Sarkozy invited himself to the Eurogroup meeting of European finance ministers and easily secured their support for Strauss-Kahn’s candidacy to the IMF post.

He also obtained their agreement to a deal to postpone the target date for eliminating France’s budget deficit from 2010 to 2012, violating a European agreement signed in April, so as to stimulate the French economy. Sarkozy doubtless hopes such a policy will help him pass the reforms, as relatively high employment in a stronger economy would temporarily hide the effect of social spending cuts.

Other finance ministers put the best possible face on it, apparently thinking that Sarkozy will carry out such reductions in social spending that the deficit will not be a problem. Luxemburg’s Jean-Claude Juncker said he was “happy to see France is entering into a phase of deep reform,” and said that Sarkozy promised to stay “deeply anchored in a philosophy of budgetary consolidation.” Dutch finance minister Wouter Bos added: “My optimism is big. I believe I can still be convinced.”

Sarkozy’s influence in bourgeois circles is not unlimited, however, and came up against very definite limits. His other proposal at the Eurogroup—giving the finance ministers more say in the European Central Bank’s (ECB) interest rate-setting, to allow for political direction of European monetary policy—met with substantially more opposition. In part, Sarkozy doubtless hoped to obtain lower interest rates that would tend to boost Europe’s economy and, by lowering the value of the euro, its exports.

However, the measure also has wider economic and geopolitical implications, that economist Jean Pisani-Ferry spelled out in a July 9 editorial in *Le Monde*: “The goal is to acquire an external identity and to allow the Eurozone to play a role in international monetary and financial regulation. This desire, present from the beginning of the French initiatives, is called for by a context of rapid changes in international power relationships. The eurozone countries are ... not too influential in financial negotiations. The debate on Chinese exchange rates shows this: though the matter is as important for Europe as for the US, the discussion is carried out essentially between Washington and Beijing.”

Sarkozy’s proposal brings him into conflict with powerful sections of the European bourgeoisie who fear its internal economic effects as well as the potentially destabilizing effect it might have in international commerce and in relations with

Washington. Sarkozy’s “pro-US” stance, widely cited on both sides of the Atlantic, could not hide the fact that he is proposing here to endow the EU with the capability of setting a policy independent from, and potentially opposed to, Washington. After the conference, German Chancellor Angela Merkel cited the dangers of inflation and concluded, “For this reason, Germany will not budge from its position [of opposition to Sarkozy’s ECB proposal].”

There is, indeed, a clumsy hubris in Sarkozy’s attempts to put forth France as a great power on an international stage and in his effort to reconcile the French working class, with its combative and socialist traditions, to deep cuts in social spending and living standards. Whatever its power to stimulate all sorts of illusions, the media frenzy surrounding Sarkozy’s election does not objectively alter the world or internal position of the French bourgeoisie.

Sarkozy’s recent trip to North Africa and his proposal to set up a “Mediterranean Union” showed some of these limitations. On July 10-11 Sarkozy briefly stopped in Algeria and Tunisia to discuss projects for a “Mediterranean Union” which would include France, Spain, Portugal, Algeria, Tunisia and Morocco, as well as, potentially, all other countries with Mediterranean coastlines.

The issues actually discussed during Sarkozy’s visit were the usual grubby fare of imperialist diplomacy: collaboration between the Algerian energy firm Sonatrach and Gaz-de-France (French investment has fallen behind US investment in Algeria due to US involvement in Algeria’s oil and gas sector); sales of French nuclear energy equipment; and working out “military-to-military” contact agreements between Paris, Algiers and Tunis. On the essential question of issuing visas to North Africans to visit family members in France, Sarkozy said only that it would have to be discussed on a Europe-wide level.

Sarkozy presented his Mediterranean Union idea with much hyperbole as to its potential, but a decidedly tin ear. His vague plans—one of his advisors spoke of it as a “utopia to mobilize people” (!)—could not hide the essentially racist outlook or his vigorous and shameless defense of French imperialism. He called France’s relations with its former colony, Algeria, a “love story” and scoffed at suggestions that he might apologize for France’s brutal war against Algerian independence, saying that “the notion of repentance” was a “religious idea” that “has no place in state-to-state relations.”



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