

Sarkozy intends to partly nationalise “strategically important” companies

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Nicolas Sarkozy wants to protect "strategically important" French enterprises against their take-over by foreign investors. The French president announced his plan in a speech to business representatives in Annecy last Thursday.

To this end, he plans the setting up of an "investment fund" of €175 billion with which the state could buy shares in companies threatened by takeover—i.e., they would be partially nationalised. Later, these shares are to be sold off again.

Above all, Sarkozy wants to prevent wealthy state funds in China or the Gulf States from exploiting the sharp fall in prices across European stock exchanges by buying up major industrial trusts. "The investment fund will intervene massively every time a strategic enterprise is in need of resources," he said. "We cannot allow major French companies to fall into foreign hands, merely because we failed to react to the financial crisis."

The state secretary in the Ministry of Economic Affairs, Laurent Wauquiez, declared possible takeover targets to include the aviation and armaments company EADS (which includes Airbus), the tire manufacturer Michelin and the nuclear power company Areva.

Sarkozy had made a similar suggestion for a European fund two days earlier in the European parliament but was strongly opposed by Germany. His initiative for a French investment fund also met with considerable criticism in Germany.

The German government let it be known that it was "very sceptical" of Sarkozy's "single-handed attempt." Economics Minister Michael Glos (Christian Democratic Union, CDU) said Sarkozy's project contradicts "all of the successful principles of our economic policy."

The secretary of the Union faction in the Bundestag, Norbert Röttgen (CDU), warned of protectionism. "Europe is a market area, which is decidedly against protectionism," he told the *FAZ* newspaper. He requested that France "overcome traditional differences in the area of economic policy and not actively cultivate them every day."

Even stronger objections to Sarkozy's initiative were expressed by the business press, which regards his plans as a direct attack on the principle of the free market.

France has not experienced so much statism "since the early phase of the [President Francois] Mitterrand era 30 years ago," criticised *Welt online* under the heading "Tame Nicolas Sarkozy!" "Should every government try to strengthen its own economy at the expense of others, whether by currency devaluation, trade restrictions or interventions *à la* Sarkozy: the disastrous chain of consequences became sufficiently clear in history following 1929."

The *Financial Times Deutschland* commented Sarkozy has "found his theme which he now advances steadfastly even against the resistance of important partners such as Germany: a fundamental—and fundamentally wrong—turn-around in European economic policy." The paper requested that the German government vigorously oppose Sarkozy: "There can be no compromise on the part of Germany over this attempt by the president to throw overboard the European economic model."

The *Wirtschaftswoche* placed Sarkozy's proposal in the "tradition of the legendary Finance Minister of the epoch of Louis XIV, Jean-Baptiste Colbert, whose basic theory, 'the state must control everything, above all, the economy and finances,' has quietly been the prayer of nearly every French politician since." Europe was to be "shielded against foreign capital in protectionist fashion—and that at a time of financial crisis, when the semi-continent Europe cannot afford to miss a single financial investor."

The *Wirtschaftswoche* continued: "The French intention to shower advantages in the crisis on its own enterprises and banks is so transparent that even the stupidest Europeans would not allow themselves to be carted off to the Paris slaughterhouse in Brussels. This will certainly be done by the British, who will oppose the sinister nationalist strivings of the French with all their power."

An additional suggestion made by Sarkozy in Annecy also met with opposition from Germany: the creation of a

European "economic government." According to Sarkozy, such a body should be drawn from the "euro group of countries at the level of heads of state and government." Europe needed a trade, industrial and economic policy. From now on, "politics will play a greater role because the ideology of the dictatorship of the markets and state impotence has died with the financial crisis," Sarkozy declared.

Notably, German criticism was not directed against the fact that Sarkozy's suggestion would mean that half of the EU's members, which are not part of the euro group, would be excluded from all important decision-making. Already, the important decisions on financial policy taken in recent weeks were decided upon by a small circle of states. Instead, Sarkozy's initiative is criticised as an attempt to eliminate the independence of the European Central Bank—as an "attempt to subordinate the ECB to the primacy of politics" (*Financial Times Deutschland*) and to pull its "teeth as an independent body" (*Wirtschaftswoche*).

Sarkozy's proposals have met with support, however, from the camp of the political "left."

The leader of the parliamentary group of the Social Democrats in the European parliament, Martin Schulz, declared, he had "no objection." "When a state protective umbrella is set up for the banks, then it should also be possible for other enterprises," Schulz said. He compared the initiative of the French president with the "*Stamokap* [state monopoly capitalism] theory of the [SDP] Young Socialists from the seventies" and praised Sarkozy for speaking "like a proper European socialist." Sarkozy responded to Schulz's remarks: "Perhaps I have become a socialist. But you yourself must admit that you do not speak like a French socialist."

The chairman of the German Left Party, Oskar Lafontaine, also praised Sarkozy's initiative. In an interview with the *FAZ*, he described it as a "step in the right direction." According to Lafontaine, a European economic government is "overdue." "It is simply a matter of logic that a European monetary policy is complemented by a European finance and economic policy."

In reality, Sarkozy's initiative has nothing in common with a left-wing or socialist policy. His aim is the introduction of protectionist measures to safeguard the most powerful French companies, with which Sarkozy maintains the closest relations.

Such nationalist measures are directed against the interest of the working class. They only serve to exacerbate the tensions between rival capitalist countries, play off workers in one country against those in other countries and lead in the final consequence to trade war and war.

Sarkozy's proposal makes clear that he is not an

ideological free-market fundamentalist. But that does not by any means make him a socialist. In his previous function as economics minister, Sarkozy had already intervened on a number of occasions to protect French companies against foreign takeovers. In 2004, and to the considerable annoyance of the German government, he intervened with billions in assistance to prevent a takeover of parts of the French industrial giant Alstom by the German Siemens group.

This form of economic nationalism is not unusual for conservative governments. Such protectionism has a long tradition—and not only in France. Even fascist rulers—such as Hitler and Mussolini—placed parts of the economy under state control. This did nothing to change the reactionary character of capitalism. Quite the opposite, the concentration of economic resources in the hands of the state served to concentrate the entire energy of the nation on the economic and military destruction of its rivals.

The positive resonance to Sarkozy's economic nationalism by such figures as Schulz and Lafontaine should serve as a warning. Social democracy and the Left Party are quite prepared to shift into the conservative camp when the issue at stake is defence of the "national interest" against capitalist rivals.

At the same time, the answer to Sarkozy's economic nationalism is not the defence of the free market, which has demonstrated its complete bankruptcy in the course of the current financial crisis. It is only the reverse side of the same coin. A genuine socialist alternative is necessary.

This not only implies placing the major companies and finance institutions under state control, they must also be subordinated to democratic control and made subject to the needs of society as a whole. Instead of spending billions to rescue the banks, billions must be invested in employment programs and socially necessary work. Not a cent in remuneration should be paid to the finance oligarchy, which has earned vast sums with speculative transactions and bears responsibility for the present crisis.

Such policies require an international strategy, which unites the workers of all countries and continents in a common struggle against capitalism.



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