France’s “national subscription” prepares massive handout to big business

Pierre Mabut
14 September 2009

On August 26, French President Nicolas Sarkozy launched his commission in charge of establishing the “strategic priorities” for the investment of money to be raised in a giant “national subscription” (i.e., government borrowing) in early 2010. Press accounts, and the composition of the commission itself, make clear that the Sarkozy government is preparing a handout to big business. The expansion of the national debt entails yet another huge redistribution of wealth away from workers.

The commission is headed by the two former prime ministers, Alain Juppé of Sarkozy’s ruling UMP (Union for a Popular Movement) party—who was forced out of office as a consequence of the 1995 rail workers’ strike—and Michel Rocard of the Socialist Party (PS). They will oversee the preparation of state borrowing and investment of between €80 and €100 billion. The means of raising the money, either borrowing on the international markets or through savings bonds issued to the French public, has yet to be decided.

The commission is slated to report its proposals on November 1.

Sarkozy asked the 24-member commission to think “beyond the crisis” and about “the most useful investments in the long term.” Proposals being floated in the press make clear the investments would be used, not to revive hard-hit industries or help workers facing unemployment and declining wages, but to fill out the order-books of France’s most powerful corporate interests and boost French competitiveness in high-tech industry.

The loan is to be used for what Sarkozy calls “tomorrow’s growth” in three “key areas which pose a major challenge”—”the knowledge economy” (university funding and training programmes), “company competitiveness,” and “industrial innovation.” The war chest being offered to French business to equip itself in the war for markets was justified to “reinforce export and innovating companies, and in particular their own funds, [which] are more strategic than ever at the moment when they emerge from an exceptional crisis.”

Among possible proposals are further funds for the Airbus A350 programme, the extension of high-speed rail networks, paying for a prototype fourth-generation nuclear reactor, and research in renewable energy and bio- and nano-technology.

In a further sign that the money will be spent with disregard for the interests of the public, there has been no discussion of nationalising firms that receive this extraordinary largesse from French taxpayers.

The composition of the “national subscription” commission further underscores the pro-business character of the commission.

Its more prominent members include Denis Ranque, former CEO of the defense and electronics firm Thalès; nuclear energy giant Areva’s public affairs director, Edouard Philippe; investment bank Oddo Corporate Finance’s president, Fatine Layt; Terra Femina founder Véronique Morali, who is also a key advisor of Laurence Parisot, the president of the Medef (French employers’ federation); Christian de Boissieu, president of the prime minister’s right-wing Council for Economic Analysis; and Olivier Ferrand, the 38-year-old president of the PS-linked think tank, Terra Nova.

Another notable member of the commission is Nicole Notat, ex-general secretary of the CFDT (*Confédération Française Démocratique du Travail*—French Democratic Confederation of Labour), now a businesswoman. She supported Prime Minister Alain Juppé in 1995 when he transferred the social security debt onto workers through the CRDS tax (contribution to the social security deficit).

In short, the French political elite is mobilising the state’s financial resources behind several of its most internationally competitive industries—notably nuclear power, transport, and high-tech. This will further stoke international tensions with trading partners such as Germany and the US, which also compete in these areas.

There is also a significant military and strategic dimension to the “national subscription” plan: French industrial expertise, notably in nuclear plants and weapons systems, has been central to plans to expand French imperialism’s influence abroad. The recent installation of a French military base in Abu Dhabi was linked to selling two French-built nuclear plants to that country. The French government hopes to sell further such plants to Saudi Arabia and other Gulf states.

These policies are in direct continuity with Sarkozy’s economic policy since the outbreak of the global financial crisis one year ago: bailing out imperialist interests at taxpayer expense, while pushing for further social cuts against the working class.

The “national subscription” will burden the state with even more debt, which rose to €1,327 billion at the end of 2008, or 68 percent of GDP. In 1978, this stood at 5 percent. The government budget deficit has more than doubled to €109 billion in 12 months. The second biggest item of government spending is the financing of the interest payments of €50 billion a year on the public debt, representing 20 percent of the budget.

Last autumn, Sarkozy proposed a €360 billion loan guarantee to France’s banking sector, and a further €26 billion “stimulus package” in handouts to the business sector, notably the financial and automotive industries. Additional measures have provided 13 banks with €68 billion in loans.

Despite the crisis in state finances, Sarkozy is continuing to press for tax cuts for big business and the wealthy. The “Taxe Professionnelle” (local company tax paid to town hall authorities) has been cancelled for 2010, and possibly indefinitely. Local government depends for 16 percent of its revenue on this tax from business. Sarkozy claimed that “We can no longer have all our tax system based upon production if we want to keep jobs in France.”

France’s ultra-rich continue to profit massively from the reduction of tax rates on top income brackets that Sarkozy passed shortly after taking office in 2007. In 2008, a tax rebate was made to 18,893 people who each received on average a check for €30,593.

At the same time, there are numerous reports of plans to deepen the attacks on the working class, most prominently represented by Sarkozy’s 2007-2008 pension cuts. The *Journal du Dimanche* (*JDD*) published a confidential government memo showing it intends to increase by 25 percent the daily non-refundable costs for hospitalisation. Presently fixed at €16 a day, this will rise to €20. A raft of medicines, including pain killers, will no longer be reimbursed by social security. Teachers’ and nurses’ posts are being cut (13,5000 and 20,000 respectively).

The *JDD* also reported “the government is tempted by shock therapy”—that is, massive cuts—in response to the social security deficit of €20 billion this year, twice as much as last year.

It is altogether symptomatic of the French political establishment’s rottenness that no opposition has developed to Sarkozy’s plans, and that the PS is actively participating in them.

The daily *Le Monde* commented that the commission’s “composition, placed under the sign of openness, testifies to the President’s concern with defusing any possible polemics.” In fact, Sarkozy’s concern testifies principally to an awareness that any significant political opposition to the measure could easily expose its blatant class character. The PS’s participation and the silence of the “far left” is critical to creating an aura of national unity around the proposal.

The new PS think tank Terra Nova-also a guiding force behind the PS’s adoption of presidential primaries to boost a right-wing PS candidate in the 2012 presidential election—is heavily involved. Michel Rocard is leading both the “national subscription” commission and Terra Nova’s scientific committee.

Terra Nova president Olivier Ferrand is one of the four members of the “national subscription” commission who will report its findings directly to Sarkozy. Ferrand worked for ex-Italian President Romano Prodi at the EU commission and was campaign adviser to a right-wing French social democrat, Dominique Strauss-Kahn, in his bid for nomination as presidential candidate in 2007. Strauss-Kahn is now director-general of the International Monetary Fund, after his candidacy received Sarkozy’s support.

In order to further create the appearance of national consensus, Sarkozy has once more turned to the trade union bureaucracy. After private talks with Bernard Thibault of the CGT (*Confédération Générale du Travail* or General Confederation of Labour, close to the French Communist Party), Sarkozy announced his agreement with Thibault’s idea for a convention on industry leading to a “new industrial policy.”

Presidential spokesman Raymond Soubie explained that the convention would be working “in parallel” with the commission. Thibault said, “the convention will have to lead to a policy orientation defining the country’s industrial advantages.”

Coming from the leadership of the CGT—which oversaw the destruction of large sections of France’s older industrial base, such as steel and textiles—such comments are deeply sinister. For such an anti-working class government as Sarkozy’s, identifying France’s internationally competitive industries is only a prelude to a massive attack on those industries deemed uncompetitive. Thanks to Sarkozy’s “national subscription,” huge state resources will have already been devoted to propping up the strongest firms.

The attitude of all class-conscious workers must be irreconcilable opposition to these attempts by the bourgeoisie and the unions to loot state finances and the broader economy in the global interests of French imperialism.