

Incoming French president signals budget cuts, handouts to banks

Kumaran Ira, Alex Lantier
9 May 2012

After winning the French presidential election on Sunday, the Socialist Party's (PS) François Hollande is already positioning himself to drop his limited election promises on social spending and attack the working class with deep budget cuts.

Hollande's victory reflected a broad popular rejection of incumbent President Nicolas Sarkozy's austerity policies and his unpopular imperialist wars. However, any hopes for change from the incoming government will be rapidly disappointed by Hollande, who is moving to carry out reactionary policies. During his campaign, Hollande vowed to slash over €100 billion in deficit spending to have a balanced budget by 2017, while making a few proposals for social measures, like increasing school subsidies and hiring more teachers.

On Tuesday, Hollande's campaign team told Reuters that Hollande's advisers are pressing him to use a report from France's leading audit body, the *Cour des comptes*, to justify ditching his limited campaign promises and intensify social cuts.

The report is due to be released after the June 10-17 legislative election. This would allow the PS to conceal its agenda of social austerity from the voters, while it seeks to put together a government, then rapidly move on with cuts after it has assembled a parliamentary majority and formed a cabinet on the basis of deceitful promises.

According to Reuters, "aware of the political risk of angering left-wing voters, Hollande's advisers say he must act within two months of taking office on May 15, allowing the Socialists to point the finger at Sarkozy's outgoing government. Any announcement would likely be after the June 10 and 17 parliamentary elections, essential for Hollande to gain a working majority for legislation."

Reuters cited PS parliamentary leader Jean-Marc

Ayrault, saying of the audit: "There are certainly deficits, things hidden in the shadows. ... We will discover the reality and strike a balance between fostering growth and making the necessary efforts to reduce the debt."

Reuters noted that the PS would rely on the trade unions, which applauded Hollande's victory, to impose the cuts and block working class opposition. It noted that PS officials' "closer ties with them—particularly the moderate CFDT [French Democratic Labor Federation]—may allow them to accomplish bolder reforms."

The Hollande team's announcement on the *Cour des Comptes* report recalls how Greek Prime Minister Giorgios Papandreou in 2009 justified ditching his campaign promises of a stimulus package for the Greek economy, embarking instead on years of devastating social cuts. He also claimed the Greek budget deficit was larger than expected and then turned to massive attacks on the working class.

Significantly, during a televised campaign debate, Hollande defended Papandreou's record on this point (See: "Sarkozy, Hollande outline right-wing policies in French presidential debate").

Berlin also plans to intervene in June to push for austerity measures, according to press reports, giving Hollande more support for attacks against the working class after the legislative elections.

According to *Le Monde*, German Chancellor Angela Merkel's advisers "consider that the new French president will not be in a position to make significant concessions before the second round of legislative elections on June 17. In this scenario, everything will start moving between June 18 and the European meeting of June 28-9."

While they agree on attacks against the working class,

Merkel and Hollande seem set for a sharp clash over Hollande's plans to renegotiate the European fiscal pact, which commits European governments to strict limits on budget deficits.

Hollande has stressed that he does not oppose budget limits that force anti-working class cuts, but that he wants to add a "growth component" to the fiscal pact. Merkel repeated on Monday that in her opinion, "The budget pact is not negotiable."

This debate on "growth" is a political fraud. It aims not to provide jobs for workers, but to guarantee more handouts of public money to banks that have loaned money to European governments. Hollande wants the repayment of funds to the banks to be guaranteed—either via "eurobonds" jointly backed by the countries of the European Union, or money printed by the European Central Bank (ECB).

Berlin has opposed both measures. They would either force Germany to subsidize other states' debts, in the case of eurobonds, or to accept significant price inflation.

Hollande has said that Berlin's policy is unacceptable. In an interview with *Slate.fr*, he commented: "We will discuss with our partners and particularly with our German friends, but they cannot rule out two policies at once, the first being eurobonds and the second the financing of debt by the European Central Bank."

It appears that Hollande is acting with the support of the Obama administration. Washington opposes Berlin's austerity policy on the grounds that, by blocking rapid payouts of public funds to the banks, Berlin undermines confidence in the banks and aggravates the financial crisis. In contrast to the US, where the Federal Reserve printed an estimated \$7.7 trillion after the 2008 crisis to loan at low rates to Wall Street, the ECB has intervened more sparingly—often after diplomatic clashes between Berlin and Paris.

In an article titled "Change in Paris may better fit US economic positions," the *New York Times* wrote: "Mr. Sarkozy has parted from the White House in his support of the German-led austerity project in the debt-soaked euro zone, a project that the White House objects to on the grounds that cutting budgets too soon will lead to sluggish growth and high unemployment across Europe, without satisfying the demands of skittish bond investors."

The policies demanded by Hollande and US imperialism would not be any more favorable to the working class than the austerity policies demanded by Berlin. In the US, the decision by the US government and the Federal Reserve to hand over massive public funds to the banks was the basis for deep attacks on the working class: slashing wages in the auto bailout, mass social cuts, and a sharp rise in unemployment.

The anti-working class policies that the incoming Hollande administration is planning constitute a devastating indictment of the bankrupt policies of the petty bourgeois "left" parties, including Jean-Luc Mélenchon's Left Front and the New Anti-Capitalist Party (NPA). These parties called for a Hollande vote, without any conditions. When Hollande begins to impose social cuts, it is not difficult to foresee that these forces will do everything they can to demobilize working class opposition, as they did during Sarkozy's term.

These forces are also complicit in Hollande's continuation of Sarkozy's alignment toward US foreign policy. Hollande supported the war against Libya, and has made clear in press interviews that he supports Sarkozy's policy of threatening war with Iran and military intervention in Syria.

He has promised not to reverse Sarkozy's decision to integrate France into the NATO command structure. Commenting on France's role in NATO, Hollande told *Slate*: "I do not intend to return to the previous situation. I will request an evaluation of France's role and the responsibilities we have received in the military command."



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact